



USAID
FROM THE AMERICAN PEOPLE

AFGHANISTAN

AFGHANISTAN WORKFORCE DEVELOPMENT PROGRAM (AWDP)

Labor Market Supply and Demand Survey

Dec 2, 2015



This report was prepared for the United States Agency for International Development,
Contract Number: AID- 306-C-12-00007, Afghanistan Workforce Development Program.

Afghanistan Workforce Development Program (AWDP)

Labor Market Supply and Demand Survey

Cover Page Credit: A member of the AWDP Labor Market Supply and Demand Survey team during interviews a business owner in the Southern Afghan city of Kandahar.

Submitted to:

U.S. Agency for International Development/Afghanistan

Khaksar Adel, COR

US Embassy, Great Massoud Road

Kabul, Afghanistan

Submitted by:

Creative Associates International, Inc.

5301 Wisconsin Ave., NW, Suite 700

Washington, DC 20015

This report was prepared for the United States Agency for International Development, Contract Number: AID- 306-C-12-00007, Afghanistan Workforce Development Program.

Table of Contents

1	Executive Summary	3
2	Summary of Findings	4
2.1	Overall Business Enabling Environment	4
2.2	Supply and Demand – Sectoral.....	4
2.3	Supply and Demand - Skillsets	5
2.4	Supply and Demand - Regional	5
2.5	Supply and Demand - AWDP Training	6
3	Analysis of Findings	6
3.1	Demonstrating AWDP's Ability to Meet Program Targets and Increase Operational Efficiency	6
3.2	Highlighting Unique Attributes of AWDP Target PSEs and Jobseekers/Employees	7
3.3	Substantiating Ongoing Demand for Skilled Afghan Labor.....	8
3.4	Substantiating Ongoing Demand for AWDP Programming.....	10
3.5	Identifying the Most Promising Target Skillsets	11
3.6	Identifying the Most Promising Target Sectors	11
3.7	Identifying the Most Promising Target Geographic Areas.....	12
3.8	Identifying Opportunities to Sustain the AWDP Model.....	13
3.9	Sustaining AWDP's Successful Gender Mainstreaming Strategy	13
4	Detailed Survey Report	14
4.1	Background.....	14
4.2	Objectives and Methodology	17
4.2.1	Research Objectives.....	17
4.2.2	Literature Review	18
4.2.3	Research Instruments.....	18
4.2.4	Sample	18
4.2.5	Field Research/Data Collection.....	18
4.2.6	Data Analysis.....	19
4.2.7	Data Validity	19
4.2.8	Survey Limitations	19
4.3	PSE Demographics.....	20
4.4	Business Size	22
5	Survey Results.....	23
5.1	General Perception of Economic Situation	23
5.1.1	Business Enabling Environment	23
5.1.2	Business Enabling Environment	24
5.1.3	Perception - National	24

5.1.4	Perception - Regional	25
5.1.5	Perception - Sector	25
5.1.6	Intent to Hire - National	26
5.1.7	Intent to Hire - Regional	26
5.1.8	Intent to Hire - Sector	27
5.2	Demand	28
5.2.1	Demand for Training - National	28
5.2.2	Demand for Training - Regional	29
5.2.3	Demand for Training - Sector	30
5.3	Demand for Skills	31
	31
5.3.1	Demand for Skills - Regional	32
5.3.2	Demand for Skills - Sector	32
5.4	Supply	33
5.4.1	Supply - National	33
5.4.2	Supply - Regional	33
5.4.3	Supply - Sector	34
5.5	Demand for International Staff	35
5.5.1	Demand for International Staff - Regional	35
5.5.2	Demand for International - Sector	36
5.6	Barriers and Opportunities for Workforce Development Programs	37
5.6.1	Barriers for Workforce Development	37
5.6.2	Awareness - National	37
5.6.3	Awareness - Regional	37
5.6.4	Awareness - Sector	38
5.6.5	Perception toward Workforce Development Programs	39
5.6.6	Financial Motivation - National	39
5.6.7	Financial Motivation - Regional	39
5.6.8	Financial Motivation - Sector	40

1 Executive Summary

The USAID-funded Afghanistan Workforce Development Program (AWDP) conducted an initial Labor Market Supply and Demand Survey shortly after the program's inception in 2012. Two additional surveys were conducted by AWDP's off and on-budget components in 2013 and 2014 respectively. The purpose of AWDP's periodic macro-level labor market research is to identify those skillsets, sectors, and geographic areas with the most potential to benefit from short-term competency-based skills training and employment related services (ERS).

Over the past 18 months since AWDP's most recent survey exercise, the needs of private sector employers and jobseekers have evolved considerably due to a number of political and economic factors. The most prominent among these include a decline in local and foreign direct investment, rising unemployment, a five month national election process, ongoing security concerns, and a severe decline in public sector spending following the withdrawal of the majority of multi-national forces.

In order to assess the changing economic climate caused by these factors and inform current and future workforce development programing, AWDP implemented a fourth Labor Market Assessment Survey from May through August, 2015. A four-person research team conducted semi-structured interviews in the program's six current target regions of Kabul, Mazar-e Sharif, Kandahar, Herat, Jalalabad, and Kunduz. Respondents were drawn from 342 AWDP-affiliated and non-affiliated enterprises, 16 AWDP grantees, and 68 jobseeker/trainees.

Analysis of the 2015 survey results and corresponding M&E data demonstrates that the program's demand-driven model continues to generate results beyond the traditional "numbers of individuals trained" associated with many workforce development efforts globally. This has allowed the AWDP to achieve ambitious targets linked directly to increased employment and improved PSE performance, with the program on track to exceed the target of 12,500 jobseekers/employees placed or promoted by more than 4,500 by March 2016.

The final 2015 AWDP Survey Report presented here serves to identify the evolving demand for skilled labor in those sectors currently addressed by off and on-budget programing, as well as new areas that have the most promise for future interventions. A brief overview of AWDP survey results is presented in the proceeding section. This is followed by an analysis of primary findings, and a detailed survey report.

2 Summary of Findings

AWDP is USAID's principle implementing mechanism designed to specifically address the challenges of high unemployment caused by the gap between the limited number of Afghans who possess technical and business-management skills at the mid-career/semi-professional level and market demand for these skills.

The program's approach to workforce development has proven effective in working with businesses operating in Afghanistan's transitional economy. This is due in large part to the breadth and depth of the program's interaction with PSE managers, employees, and jobseekers. The systematic involvement of the private sector throughout AWDP's implementation cycle is an essential element of the program's approach to workforce development, and has led to regular grantee interaction with approximately **2,500** PSEs in the past **18** months alone. This level of involvement and ownership of the process on the part of participating businesses has allowed the program to develop numerous critical linkages that allow for rapid adjustments in sectoral focus that are responsive to regularly evolving, real-time market demand.

While each grantee conducts individual demand assessments prior to working with PSE partners in order to design tailored training programs on an ongoing basis, AWDP's periodic macro-level Labor Market Supply and Demand Surveys continue to form the basis for responsive program-wide strategic focus. The survey results summarized below and subsequent analysis in Section 3 of this report provide the basis for targeting any future AWDP programming and can be used to inform the design and implementation of other donor-funded workforce development efforts.

2.1 Overall Business Enabling Environment

- **75%** of PSEs rated the current health of their business as "very good" or "somewhat good".
- **82%** of PSEs stated that they expected to hire in the next six months, while only **18%** indicated that they were unlikely to hire new employees during this period.
- **34%** of PSEs reported that businesses were strongly affected by the transition in 2014.

2.2 Supply and Demand – Sector

- **30%** of PSE's in the Education sector and **22%** in the Manufacturing sector stated that their business health was "very good" or "somewhat good."

- Respondents in the Construction, Manufacturing, and Education sectors indicated that they are more likely to hire additional employees over the next six months than respondents in other sectors.
- Respondents representing the Business Consulting Services, Manufacturing, Education, and ICT sectors were the most likely to be unable to find employees with appropriate skills.
- The sectors that have seen the highest female placement/promotion rates during this period were financial management (**36%**), ICT (**35%**), and project management (**29%**).

2.3 Supply and Demand - Skillsets

- Sector-specific technical skills, project management skills, and financial management skills were the three most frequently named skillsets demanded across the fourteen representative sectors.
- **39%** of respondents operating in AWDP's current target regions indicated that they were able to find employees with adequate skillsets, while **61%** stated that they were never able to find employees with necessary training and skills.
- Of those respondents who hire international staff, **76%** stated that they had hired internationally based on superior skillsets relative to the pool of available Afghan labor.

2.4 Supply and Demand - Regional

- **75%** of PSEs surveyed in Kabul, Herat, and Mazar indicated an intention to hire in the next six months. Grantees in these target regions represent **90%** of the total AWDP placement and promotion achievements to date.
- The majority of PSE's in the most promising markets of Kabul, Herat, and Mazar reported that they are "highly satisfied" with training services. **88%** suggested that training was useful for their businesses and **32%** indicated that AWDP employee/job seeker skills building had improved the potential of their businesses to increase revenue.
- The demand for hiring international staff for positions that could be occupied by qualified Afghans based on skill levels is most significant in Kabul, Herat, and Mazar.
- **44%** of respondents in Kandahar stated that the health of their businesses was either "somewhat bad" or "very bad", while only **8%** of respondents in this area indicated an intention to hire in the next six months.

- During AWDPs most recent quarterly reporting period from July through September 2015, Herat had the highest levels of female participation at **51%**. **42%** and **41%** of all placements/promotions in Mazar and Kabul respectively were women.

2.5 Supply and Demand - AWDP Training

- **95%** of PSEs stated that they were highly satisfied with training and would like to receive additional AWDP services in the future if available.
- **Since the program's inception, 79%** of participants have rated AWDP training "Very Useful".
- **92%** of PSEs indicated either an increase in employee capacity or an increase in potential revenue as a result of AWDP training.
- **64%** of PSEs said that they are more likely to train employees on the job in lieu of the adequate availability of third party short-term skills training.
- Grantees have exceeded the initial program target of **25%** for female participation, with women representing more than **36%** of the total number of jobseekers or employees placed/promoted to date.

3 Analysis of Findings

The primary purpose of this report is to combine analysis of survey results with program performance M&E data in order to identify the most promising sectors, regions, and skillsets that can form the basis for determining the focus of existing and future AWDP programing

A detailed analysis of key survey findings and recommendations for programmatic adaptations that could further maximize AWDP's operational efficiency and impact are presented below.

3.1 Demonstrating AWDP's Ability to Meet Program Targets and Increase Operational Efficiency

AWDP's highly adaptable model has continually increased the efficiency and effectiveness of programing and can be measured in real terms when comparing positive trends in the relationship between the overall costs associated with implementation to the impact generated.

87% of PSEs surveyed reported that training was either "Very Good" or "Excellent", while **92%** of respondents indicated either an increase in employee capacity, or an increase in potential revenue, as a result of the program. This high level of satisfaction with AWDP

services is further confirmed by M&E data revealing that almost **79%** of trainees have rated the training “Very Useful” since the project’s inception in 2012.

In the first 2½ years of program implementation during which the AWDP established administrative and operational mechanisms, and refined the “four-pillar” training/job placement model, the program awarded 30 grants and placed **6,762** jobseekers and employees. In the last 12 months of the current contract taking the program through April 4 2016, AWDP will have awarded 37 grants and placed an estimated **8,673** jobseekers and employees.

This more than **100%** increase in efficiency with which the AWDP has been able to award grants and generate employment for trainees during the final year of implementation represents a significant increase in both the cost effectiveness and overall impact of the program.

Recommendations: AWDP and other Workforce Development Programs (WDP) utilizing elements of the approach should prioritize adaptability and cost-effectiveness through further refining the four-pillar approach. Responding to articulated demand for short-term, skills-based training will require continued engagement with PSEs throughout the process.

3.2 Highlighting Unique Attributes of AWDP Target PSEs and Job seekers/Employees

Afghanistan continues to experience limited economic growth and high unemployment over the past year, particularly among unskilled workers. Inflation rose by almost **15%** in September/October of 2015, and the Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD), has indicated that **40,000** individuals join the ranks of the unemployed every year.

The most recent publically available study focused on labor market trends was conducted by the Afghan Chamber of Commerce and Industry (ACCI), with support from the GIZ. The Chamber’s “Business Tendency Survey” was also negative in its analysis of the business enabling environment and PSE prospects for growth. Conducted in June 2015, this survey found that **47.86%** of respondents had decreased their workforce since March 2015. This is of particular interest as participating PSEs had previously predicted a **38.4%** increase in staffing levels during that same three-month period.

Despite the predominance of disappointing employment trends nationwide, analysis of AWDP's 2015 survey and M&E data has indicated a robust domestic market for skilled labor in certain sectors and geographic areas targeted by the program. This is due in large part to AWDP's focus on 1) mid-career/semi-professionals, and 2) Afghan PSEs with a demonstrated capacity to perform despite the constraints associated with country's unique and challenging business enabling environment.

Recommendations: 75% of survey respondents rated the health of their businesses as either "very good" or "somewhat good", with a distinct minority of 34% indicating that they believed their enterprises were "strongly affected" by the transition in 2014. AWDP and other WDP programs utilizing elements of the model must continue to target this unique sub-set of Afghan businesses with a demonstrated capacity to function within a highly unstable domestic market.

The fact that there are employment opportunities that Afghan jobseekers and current employees could qualify for if properly trained suggests that the primary problem within the sub-set of the economy with which AWDP works is one of supply rather than demand. This indicates a definitive need for enhanced and expanded demand-driven training programs that develop those skillsets that can most effectively address unmet demand for skilled labor among Afghan businesses.

3.3 Substantiating Ongoing Demand for Skilled Afghan Labor

Many AWDP private sector partners still hire internationally for positions that could be occupied by Afghans. Given that 82% of PSEs surveyed responded that they intend to hire in the next six months and 76% stating that they hire international staff based on their superior skill levels relative to potential local employees, AWDP continues to focus efforts on narrowing the gap between the limited number of Afghans who possess technical and business management skills at mid-career/semi-professional levels and the market demand for these skills.

Both AWDP affiliated and non-affiliated PSEs were similarly positive when asked about the overall health of their enterprises and stated that they intend to hire more qualified staff in the future. However, affiliated PSEs were considerably more likely to suggest that they believed that there was enough Afghan labor to meet demand. This indicates that PSEs that have participated in the program are more aware of the value of skills-based training. These businesses are also more likely to better utilize existing local human resources to reduce dependence on foreign labor and increase revenue.

While this underscores the need to expand the scope and reach of effective skills-based training programs to a wider audience, most Afghan businesses are understandably skeptical about the ability of the formal educational system to prepare employees for the workforce. AWDP's experience interacting with more than **2700** PSEs over the past three years suggests that the demand for appropriately trained mid-career/semi-professionals far outweighs supply.

Because AWDP is only able to target a small percentage of the overall Afghan business community, most employers are forced to rely on the formal system - whether universities, TVETs, public, private, etc. Afghan PSEs have adapted to an environment lacking in responsive educational institutions by increasing their reliance on in-house, on the job training.

64% of PSEs surveyed indicated that they relied primarily on in-house training for existing employees to close the widely acknowledged skills gap caused by deficiencies in the formal educational system. However, as more functional medium-sized PSEs become aware of the potential for targeted skills-based training to prepare local employees to meet their needs for mid-career technical positions, demand will continue to grow for AWDP services.

In fact, **95%** of participating PSE's expressed an interest in additional AWDP training, while **82%** of those surveyed indicated the intent to hire additional staff in the next six months. This expressed demand for further training among participating PSEs (and non-participating PSEs as they become aware of the program), is indicative of the overwhelmingly positive response to the program's timely and contextually relevant approach to workforce development. AWDP has also found considerable interest in utilizing and/or institutionalizing the model among new partners/beneficiaries such as the USAID-funded DABS-support program and Private Institutes of Higher Education (PIHEs).

Recommendations: Programming must focus on increasing awareness of the AWDP model. Survey data and lessons-learned, particularly in the past 18 months, highlight the fact that awareness as to the availability of this newly introduced mechanism for the provision of business development services is key to its universal acceptance among PSEs, BSPs, and educational institutions moving forward. With **95%** of participating PSEs indicating an interest in AWDP training and **82%** stating that they intend to hire more staff in the next six months, it is clear that where beneficiaries are aware of the benefits associated with approach, and to an even larger extent, have had first-hand experience with AWDP training, there is a corresponding increase in demand for services.

3.4 Substantiating Ongoing Demand for AWDP Programming

Survey data clearly indicates a robust ongoing demand for short-term, competency-based skills development among functional Afghan businesses in major economic hubs. **93%** of respondents stated that AWDP training had succeeded in either increasing the capacity of their employees, or increasing the potential for enhanced future revenue for their businesses. A further **95%** of PSE's expressed an interest in additional AWDP training, while **82%** of those surveyed indicated the intent to hire additional staff in the next six months.

AWDP's ability to exceed life of project job placement/promotion targets and expand activities during a difficult period of political and economic transition is best explained by two critical elements of the AWDP model as follows:

- AWDP's approach to training and placement identifies skills that fill explicit and clearly defined private sector needs within a highly targeted sub-sector of the Afghan labor market. **83%** of jobseekers and employees participating in the program can be defined as mid-career/semi-professionals. This critical subsector of the workforce provides managerial and technical skillsets that businesses need most to grow and succeed in the rapidly evolving global business environment. This subset of the Afghan workforce should remain the primary focus of AWDP efforts to increase employment opportunities in the country.
- AWDP systematically targets businesses that are already operational despite the difficulties associated with the country's challenging business-enabling environment. Of the PSEs surveyed, **59%** employed between 10 and 50 employees and can be classified as medium-sized enterprises. The program targets these functioning medium-sized enterprises that have already demonstrated the ability to grow and prosper in the Afghan context. Similarly, the AWDP approach avoids prescriptively subsidizing start-up businesses that are more responsive to donor priorities and/or funding than they are to market forces.

Recommendations: AWDP will continue to target mid-career/semi-professionals and medium-sized enterprises so as to maximize impact and efficiently focus program resources on those PSEs and jobseekers that are most instrumental in furthering the growth of homegrown enterprises that have the capacity to sustain their activities within the constraints of Afghanistan's volatile business enabling environment.

3.5 Identifying the Most Promising Target Skillsets

Analysis of AWDP M&E data indicates that job placements and promotions have been highest for those individuals participating in ICT, Project Management, Financial Management, and Marketing trainings. Considerable ongoing demand for these areas is further confirmed by survey data indicating that **51%** of PSEs continue to request further training in these four areas. These are also the skillsets for which PSEs have indicated that they are most likely to hire international staff for positions that could be occupied by qualified Afghans.

With **76%** of respondents stating that they had hired international staff due to their superior skills levels, it is clear that many opportunities exist for increasing employment through targeted skills-based training focused on building the capacity of Afghanistan's existing workforce.

In addition to providing data that can help narrow AWDP's training focus within existing high-demand skillsets in order to most effectively utilize limited program resources, the survey indicated new skillsets that can form the basis for future programming. "Technical Skills", which were defined for respondents as sector specific competencies in sectors such as ICT, healthcare and manufacturing, represents a substantial area of unmet demand currently unaddressed by AWDP or any other workforce development program.

Recommendations: AWDP will continue to focus training on developing skillsets that have the most demonstrated demand, both among those currently utilized by the program, and among new potential areas of intervention such as sector-specific technical skills training.

3.6 Identifying the Most Promising Target Sectors

When asked to assess the health of their businesses PSE respondents in the manufacturing and education sectors were the most positive, whereas those in the construction and transportation/logistics sectors had the highest percentage of negative responses

Survey respondents representing the Business and Consulting Services, Manufacturing, Education, and ICT sectors were the most likely to be unable to find employees with appropriate skills. **42%** of PSEs in these sectors plan to hire in the next six months and are most likely to hire international staff for positions that could be occupied by qualified Afghans based on skill levels.

Only **13%** of respondents across sectors reported that they currently employed international staff, but **76%** of those who did so indicated that their decisions were based on the evaluation of skill levels as opposed to financial or other considerations. The survey also found that as business size increased so did the likelihood that PSEs would hire internationally.

Recommendations: AWDP is already working closely with businesses in the promising financial services, ICT, and manufacturing sectors and can scale up activities focused on these areas rapidly if the program is able to expand moving forward. AWDP has also piloted efforts to targeted promising new sectors in which unmet demand is most evident such as education and healthcare. Ongoing meetings with PIHEs have suggested that that these institutions have the capacity to institutionalize elements of the AWDP approach. Work with PIHEs could form the basis for future efforts to sustain demand-driven, skills-based training beyond the life of the program.

3.7 Identifying the Most Promising Target Geographic Areas

Analysis of AWDP M&E data indicates that three out of AWDP's five current target geographic areas have demonstrated the most demand for training and represent the most promising markets for AWDP services in the future. Grantees in Kabul, Herat, and Mazar have generated the most successful proposals and these cities represent **81%** of the total AWDP placement and promotion targets to date. Herat is further differentiated as the only current AWDP geographic target area in which the majority of survey respondents stated that they would be willing to pay for training for their employees.

PSEs in these three most promising markets are also highly satisfied with AWDP services, with **88%** suggesting that training was useful for their businesses and **32%** indicating that training had improved the potential of their enterprises to generate increased revenue. Analysis of AWDP M&E data corresponds with these trends, indicating that **87%** of jobseekers/employees in these three cities are "highly satisfied" with AWDP training.

In addition, **75%** of PSEs in Kabul, Herat, and Mazar have indicated an intention to hire in the next six months, while the demand for hiring international staff for positions that could be occupied by qualified Afghans based on skill levels is also significant in these three cities.

Recommendations: Information generated by recent M&E data and the 2015 survey suggest that Kabul, Herat, and Mazar are the most promising markets for training and ERS services. A focus on these most demonstrably robust markets will help narrow the program's

focus so as to target limited technical and financial resources and increase AWDP efficiency and effectiveness.

3.8 Identifying Opportunities to Sustain the AWDP Model

Survey results indicate that the cost of training is a potential barrier for businesses. At the national-level, **69%** of PSE respondents stated that they are unwilling to pay for training. This is likely due to the fact that businesses have become accustomed to donor-subsidized programs.

The sectors with the highest percentage of PSEs who suggested that they were unwilling to pay for training were in the business consulting, financial management, handicrafts, and guest services sectors, while those in the healthcare and ICT sectors indicated the most willingness to pay at **63%** and **60%** respectively. Of AWDP's current target geographic areas, only Herat-based PSEs expressed a substantial interest in paying for training services with **68%** of those surveyed responding in the affirmative.

Recommendations: AWDP is currently exploring sustainability strategies that will address this issue. The program will consider working more specifically on institutional capacity building for the highest performing grantees in order to develop their ability to market their services. In addition, Private Institutes of Higher Education (PIHEs) have expressed considerable interest in improving their business models and revenue generation potential through institutionalizing aspects of the AWDP approach. The program has already conducted roundtable discussions and demand assessments with the management of **42** PIHEs and will continue pilot efforts to train PIHEs in MToT methodologies and mechanisms.

3.9 Sustaining AWDP's Successful Gender Mainstreaming Strategy

Grantees continue to utilize innovative measures to increase the level of female participation in their training programs. Almost all are using female trainers, and some are conducting courses at the provincial offices of the Department of Women's Affairs in order to further enhance women's attendance. Many grantees that had initial difficulty attracting women to their training programs organized new classes for women only, while others organized meetings with the families of potential trainees in order to introduce the benefits of the program.

These innovations and adaptations have allowed for the participation of considerable numbers of women in the program. In fact, as of August 2015, AWDP grantees had

exceeded the initial program targets of **25%**, with women representing more than **36%** of the total number of jobseekers/employees placed or promoted.

During AWDPs most recent quarterly reporting period from July-September 2015, Herat in particular stood out with a **51%** female participation rate in training, while **42%** and **41%** of all placements/promotions in Mazar and Kabul respectively were women. The sectors that have seen the highest female placement/promotion rates during this period were financial management (**36%**), ICT (**35%**), and project management (**29%**).

Recommendations: During the reporting period from August through September 2015, **41%** of all placements/promotions project-wide were women. AWDP can confidently maintain this trend through the continued inclusion of numerous best practices and lessons-learned implemented by current grantees during successful efforts to maximize female participation and exceed life of project targets to date:

4 Detailed Survey Report

4.1 Background

AWDP's performance is measured primarily in terms of the numbers of people placed or promoted in jobs, with the program introducing a new private sector-led, demand-driven workforce development model to Afghanistan designed to promote continues collaboration between business service providers and potential employers. Participating businesses own the process from the initial demand identification stage through to the eventual placement or promotion of trainees.

Per the "four pillar" model described briefly below, AWDP is able to ensure this private sector buy-in and ownership of training outcomes, thereby creating a direct causal link between job seeker/employee skills acquisition, job creation, and overall improvements in PSE performance. .

- **Private Sector Demand Assessment:** Identify the labor market demand for specific skills in consultation with participating PSEs.
Approximately 2700 PSEs engaged to date.
- **Curriculum Adaptation/Development:** Develop curriculum that responds directly to the skills identified by PSEs.
Approximately 250 demand-driven curricula developed and utilized to date.
- **Training Design and Delivery:** Develop competency-based training that is practical and participatory.
Approximately 1,027 demand-driven trainings delivered to date.

- **Employment Related Services:** Develop a database of mid-career/semi-professional job vacancies and jobseekers and provide pre-employment training, placement services, and employee follow up.

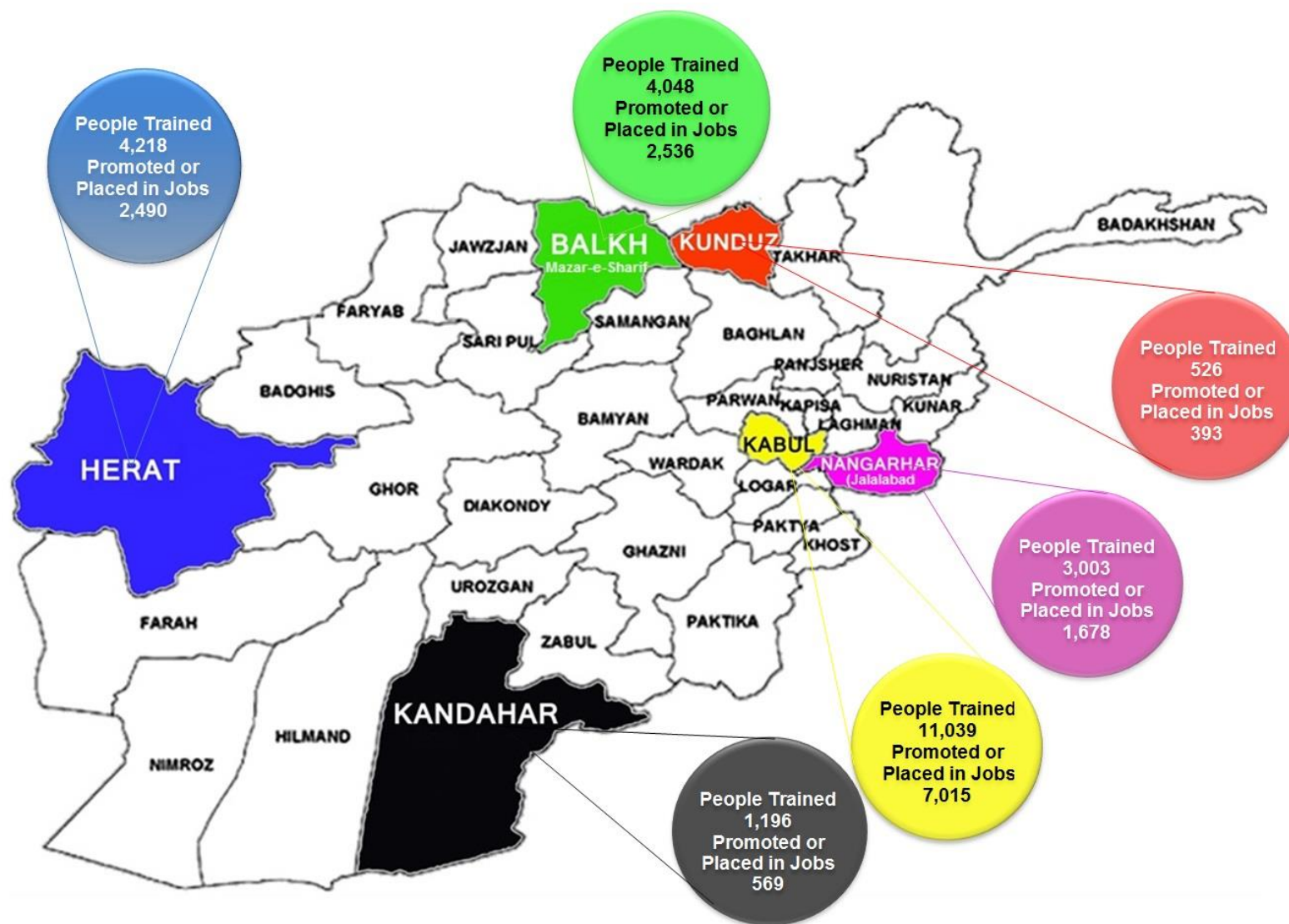
17,000 jobseekers and employees will be placed/promoted by March 2016.

Based on findings from the 2013 survey, AWDP's off-budget component developed grant mechanisms focused on the Financial Management, Project Management, Construction, ICT, Women in Private Sector, and Marketing sectors, while the on-budget team has awarded contracts in the Master Trainers Training, Public Private Partnership, Employment Services, Financial Management, Project Management, Construction, and ICT sectors. The program currently targets six major cities in Afghanistan: Kabul, Herat, Mazar-e-Sharif, Jalalabad, Kandahar, and Kunduz.

The diagram¹ atop next page (Figure 1) shows the distribution of AWDP training and job placement/promotion programs by geographic location.

¹ The "\$ Value" in each of the circles represents the total value of all the grants disbursed in relation to each target region.

Figure 1: Distribution of AWDP Training and Job Placement/Promotion as of November 21, 2015



4.2 Objectives and Methodology

4.2.1 Research Objectives

Analysis of survey findings have allowed AWDP to make recommendations for ongoing programmatic adaptation in order to narrow the program's current geographic and skillset development focus, as well as identify new sectors that are most likely to benefit from the AWDP approach moving forward.

A four-person research team assessed the current demand for specific skills among mid-career/semi-professionals in AWDP's current target markets in order to identify unmet demand for training and employment related services, catalogue the program's key impacts and lessons learned, and locate opportunities for promoting sustainability through the commercialization of elements of the AWDP model among select grantees.

Research objectives were as follows:

Analysis of Unmet Demand: Generate data to inform the direction of ongoing AWDP off-budget programing by capturing unmet demand among PSEs in the project's geographic target areas and five current training subjects. The survey also identified pockets of unmet demand in other skillsets in the project's targeted geographic areas through meetings with a select group of non-AWDP affiliated PSEs in additional promising sectors.

Analysis of AWDP Impact and Lessons Learned: Generate data to inform immediate programmatic adjustments that can improve the effectiveness and efficiency of existing off-budget activities with current and future grantees.

Analysis of Sustainability Issues: Identify examples of efforts on the part of current grantees to create commercially viable enterprises utilizing elements of the AWDP approach. Generate data to inform an analysis of the potential business models that can be the focus of current and future support for grantees efforts to engage in fee for service activities. Identify the characteristics and support needs of business service providers with the capacity to develop ERS and training-focused business models respectively.

4.2.2 Literature Review

The research team conducted a review of AWDP program department and M&E reports, as well as existing publically available labor market studies. The literature review provided valuable information for the development of research objectives and methodologies, questionnaire design, research implementation strategies, and data analysis.

4.2.3 Research Instruments

Researchers developed four distinct instruments targeting PSEs, jobseekers, and grantees in close collaboration with AWDP's program implementation team. The Unmet Demand, AWDP Impact and Lessons Learned, Sustainability, and Jobseekers questionnaires included 19, 14, 20 and 17 close-ended and open-ended questions respectively. The interviews were approximately 30 minutes in length to avoid respondent fatigue and survey instruments were pretested through cognitive interviews in Kabul from May 3 through 5, 2015.

4.2.4 Sample

This survey is based primarily on the results of targeted questionnaires administered in semi-structured interviews in the program's five current target regions of Kabul, Mazar-e Sharif, Kandahar, Herat, and Jalalabad. Respondents were drawn from 342 AWDP-affiliated and non-affiliated enterprises, 16 AWDP grantees, and 68 jobseeker/trainees.

Between May and August 2015, a total of 600 contacts were sourced and asked to participate, including 485 PSEs and 115 jobseekers, yielding a response rate of 70% and 60% respectively. This relatively high take up rate on the part of both PSEs and jobseekers suggests a significant degree of interest in the topic of workforce development.

4.2.5 Field Research/Data Collection

The research team adopted a proactive approach to ensure high quality data collection and the utilization of standardized best practices. The research team lead held trainings in Kabul for researchers. Pre-survey orientation included an in-depth explanation of the research objectives, the sampling methodology, questionnaire content, target population, and quality assurance/ quality control protocols. Additionally, the cognitive pretesting of the questionnaires engendered a reduced frequency of errors during field data collection.

Trained researchers conducted fieldwork between May and August 2015. The Survey Team Lead provided direct supervision and conducted random back-up checks throughout the data collection process.

4.2.6 Data Analysis

In accordance with the research objectives, the research team articulated the study around four main indicators:

- PSE Demographics
- Perception of Economic Situation
- Supply and Demand for Training
- Barriers and Opportunities for Workforce Development Programs

4.2.7 Data Validity

The validity of the data depends principally on the appropriate design and implementation of research instruments. Data validity was achieved through a collaborative research design process undertaken in collaboration with AWDP's program team. Cognitive pretesting of the questionnaires reduced the frequency of errors during field data collection. The application of quality assurance and quality control best practices throughout the research process served to ensure that survey results were internally and externally valid for the purposes of this exercise.

4.2.8 Survey Limitations

Security: The security situation created challenges in some geographic target areas, particularly, in Kandahar and Jalalabad. Respondents were sometimes hesitant to disclose information to AWDP researchers because of fears of being reported to the authorities or being targeted by insurgents and other criminal elements. In all instances, the team took precautions to assure respondents that any information disclosed would be treated as fully confidential and care was taken to ensure that respondents understood the scope and purpose of the study in order to avoid misconceptions.

Cultural sensitivities: In regions outside Kabul that are typically more conservative, particularly in Kandahar and Jalalabad, it was challenging for AWDP researchers to interview women jobseekers without consent from a male family member.

Administrative capacity of PSEs: Many PSEs lack strong administrative and financial procedures, making it unusual for a PSE to have detailed historical records. The survey administered for this research was therefore structured to collect information that respondents were likely to be able to access with relative ease. While some respondents had better systems than others, the figures on numbers of employees presented in this report should be taken to represent each respondent's best estimate.

4.3 PSE Demographics

Private sector entities (PSE) owners and managers were asked to describe the type of business that they owned/operated. This resulted in a high degree of diversity within the responses, and necessitated aggregation into fourteen larger “sector types”. This typology was developed following the careful analysis of participant’s responses to open-ended questions and is defined below for the purposes of the survey:

Agriculture and related services: Businesses involved in farming, seed and livestock supply and sales, farm machinery use and sales, as well as the wholesale, distribution, processing, marketing, and retail sales of processed and unprocessed plant and animal-based food goods. Specific examples from the data set include dry fruit processing and retail, livestock, poultry, and cotton selling.

Business and consulting services: Businesses that provide management and technical consulting services, including specialized services such as human resources, ICT, logistics, and marketing consulting.

Construction: Raw material sales, contracting services, as well as trade specialties that is critical to infrastructure construction ranging from roads to residential buildings to commercial property. Some specific examples from the dataset include road and building construction services, masonry, plumbing, metalwork, painting, contracting and raw material sales.

Education: A category that includes schools, higher education institutions, and universities. Specific examples from the data set include private schools, private higher education institutions and universities.

Handicrafts: Work with and the sale of textiles ranging from clothing to carpets to curtains and including raw material collection, processing, design, production, and manufacturing. Specific examples from the data set include embroidery and carpet weaving.

Financial Institutions: Financial transactions such as investments, loans, and deposits. Dataset examples include banks.

Healthcare: All services and treatments for the physical and mental wellbeing of the individual. Dataset examples include private hospitals and laboratory management.

Hotels and Restaurants: Services that includes lodging, food, event planning, and transportation. Specific examples from the data set include privately owned hotels and restaurants.

Information Technology: Sales, repair and programming of electronic equipment and information technology. Specific examples from the dataset include the sales and repair of computers, and mobile phones.

Manufacturing: Design, production, manufacturing and sales of consumer goods that cannot be classified in handicrafts, information technology, or agriculture. Specific examples from the data set include furniture production/sales, foodstuff production/sales, beverages production/sales, and shoe manufacturing/sales.

Media and Communication: Television and radio broadcasting, publishing, advertising, photography and videography, public relations, other information sectors. Dataset examples include local televisions, and radios.

Mining and Quarrying: Extraction of naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas.

Transportation and Logistics: Freight forwarding services, sale of fuel oil and gas, as well as the sale cars, trucks, motorcycles. Examples from the data set include transport services, car and motorcycle sales.

Wholesalers: All service sector specialties that do not require technical training. Examples from the dataset include import and export businesses.

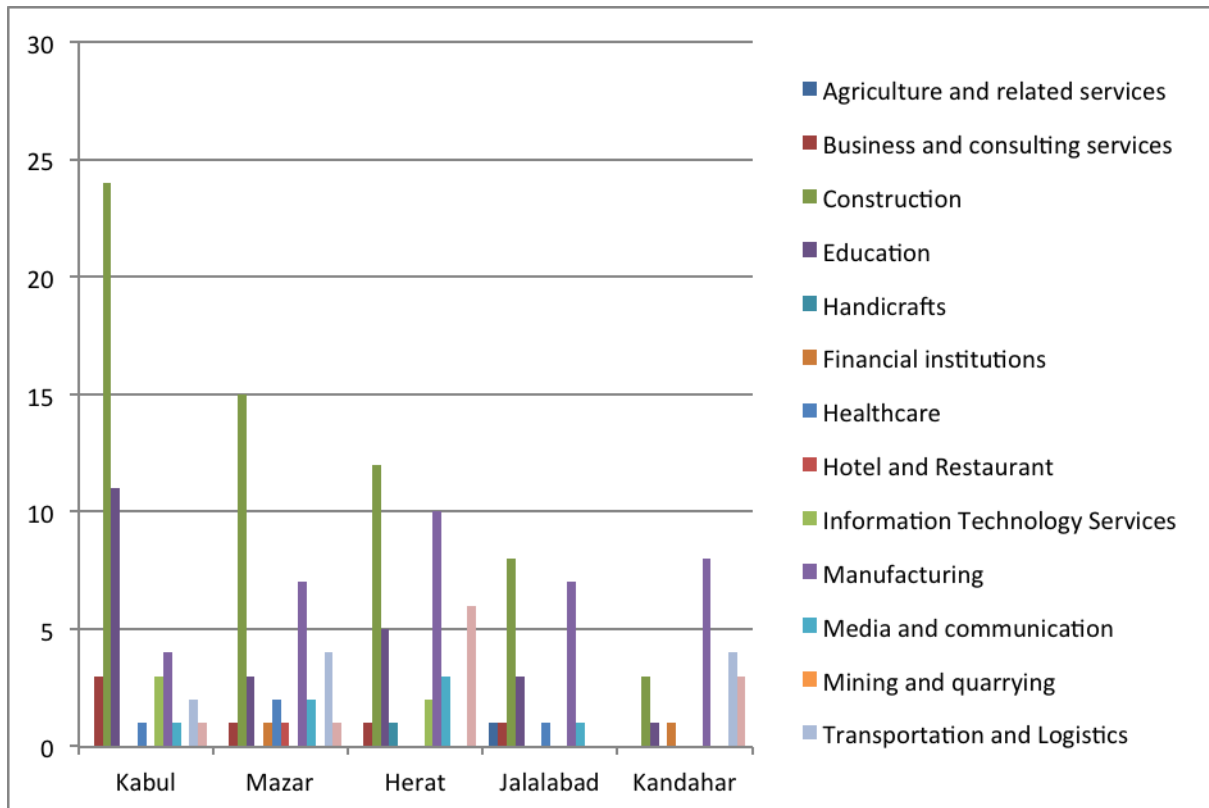


Figure 2: In what sector does your business operate?

4.4 Business Size

In order to define small, medium-sized, and large enterprises in the context of this research, this report identifies small businesses as those with less than ten employees; medium-sized enterprises include businesses with 10 to 50 employees; and medium-large businesses include businesses with more than 50 employees. PSE size can also be determined by revenue, however that information was not collected in this survey due to the sensitivity of the subject.

Of the PSEs interviewed, 30% employed less than ten workers (small enterprises), while 59% employed between 10 and 50 employees (medium enterprises). Medium-large enterprises accounted for only 5% of responses (See Figure). The employee base of most PSEs should be a prime consideration when designing future training programs targeted at PSE employees. For example, as the size of PSE increased, owners/operators were more likely to have been aware of workforce development programs.

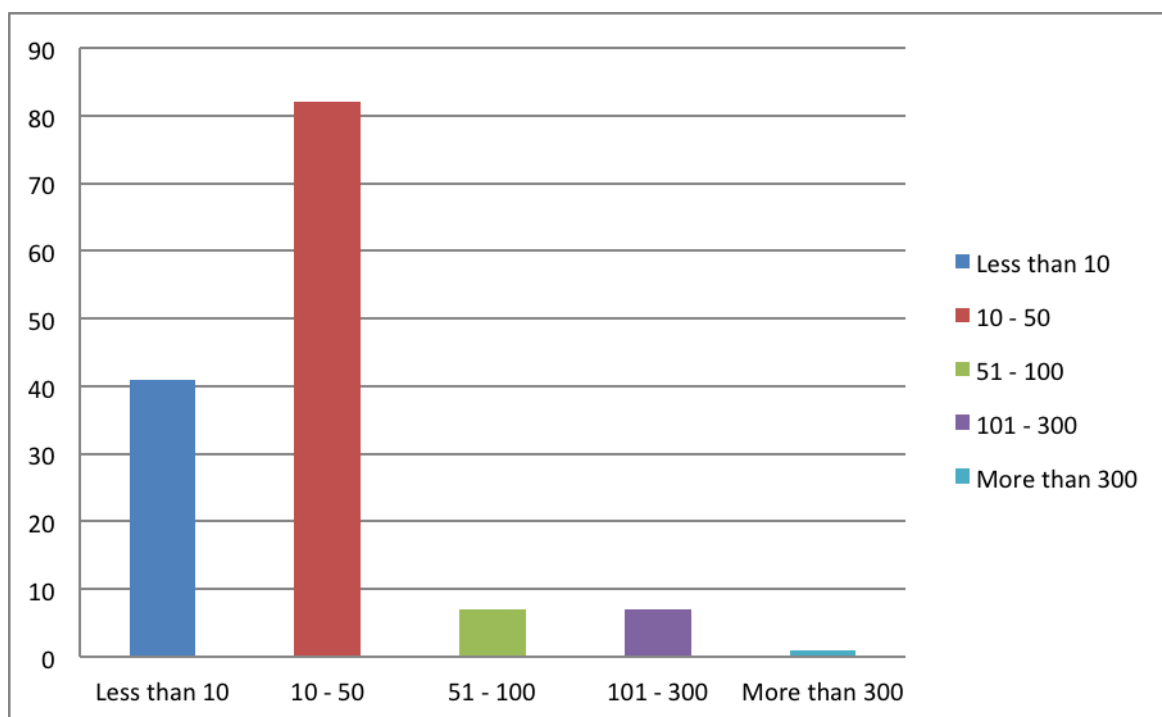


Figure 3: Total number of employees in your business?

5 Survey Results

5.1 General Perception of Economic Situation

In order to accurately evaluate the opportunities for successfully strengthening workforce development, researchers sought to understand business and jobseeker perceptions of the current economic situation in their local areas. PSEs impressions of the economic environments in which they live and work were measured looking at a number of indicators, including changes in business performance after 2014, perceptions of current business performance, and the anticipated growth potential of participating enterprises.

5.1.1 Business Enabling Environment

Perspectives about the near future are evenly divided between cautious optimism and uncertainty based on a range of concerns. Completely negative outlooks are a clear minority opinion, however, with only 34% of PSEs their businesses were strongly affected by the transition in 2014.

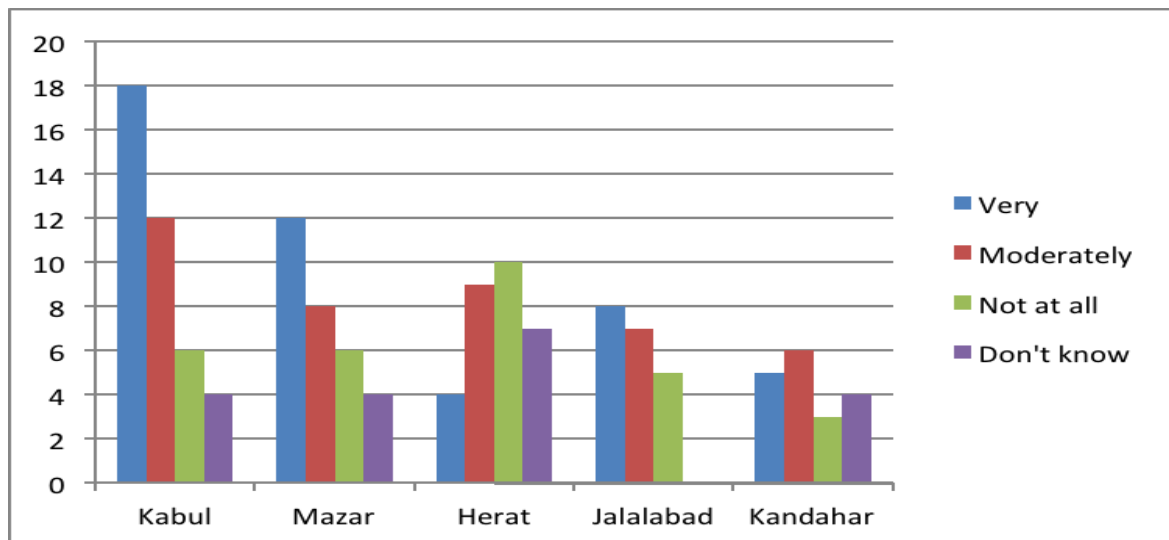


Figure 4: Do you think your business is affected by the changes in Afghanistan in 2014?

5.1.2 Business Enabling Environment

In addition to how PSEs feel about the change in their business performance over the past year, the current condition of enterprises provides important insight into how PSEs view their personal economic status and that of their city and region. Improvement in performance does not necessarily imply a “healthy” business. Business Health was measured based on how PSEs described the state of their enterprise, as well as the extent to which they indicated the intent to hire more employees.

5.1.3 Perception - National

In general, respondents seemed positive about the current health of their businesses. 75% rated the current health of their business as “very good” or “somewhat good”. Kandahar had the largest percentage of respondents stating that the health of their business was either “somewhat bad” or “very bad” with 44% of those surveyed offering one of these responses.

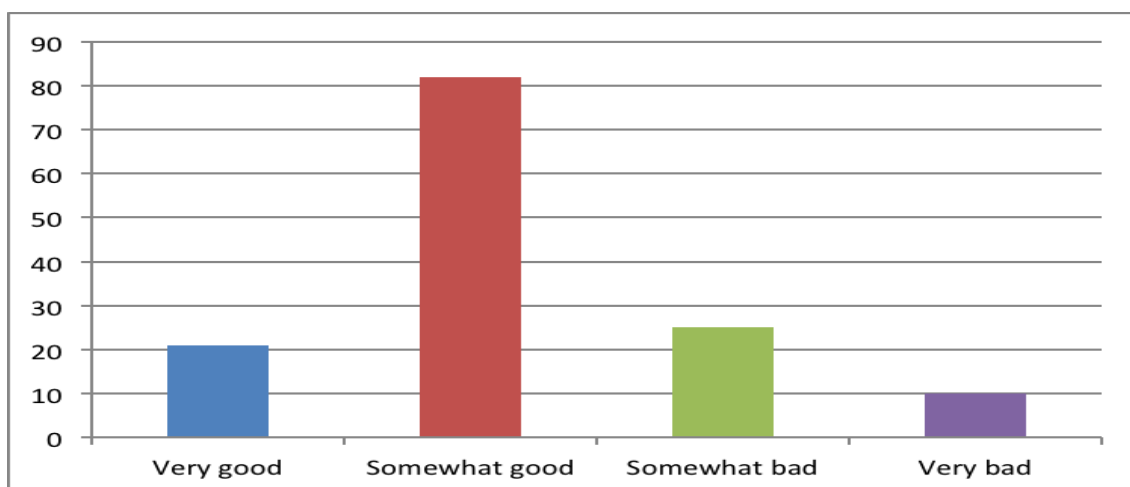


Figure 5: How would you describe the current health of your business?

5.1.4 Perception - Regional

Though only 7% and 18% of PSEs noted “very bad” or “somewhat bad” business health, respectively, regional breakouts reveal concentrations of negative responses in Kabul and Kandahar; of those business owners who described their current business health as “very bad” 40% were located in these two cities

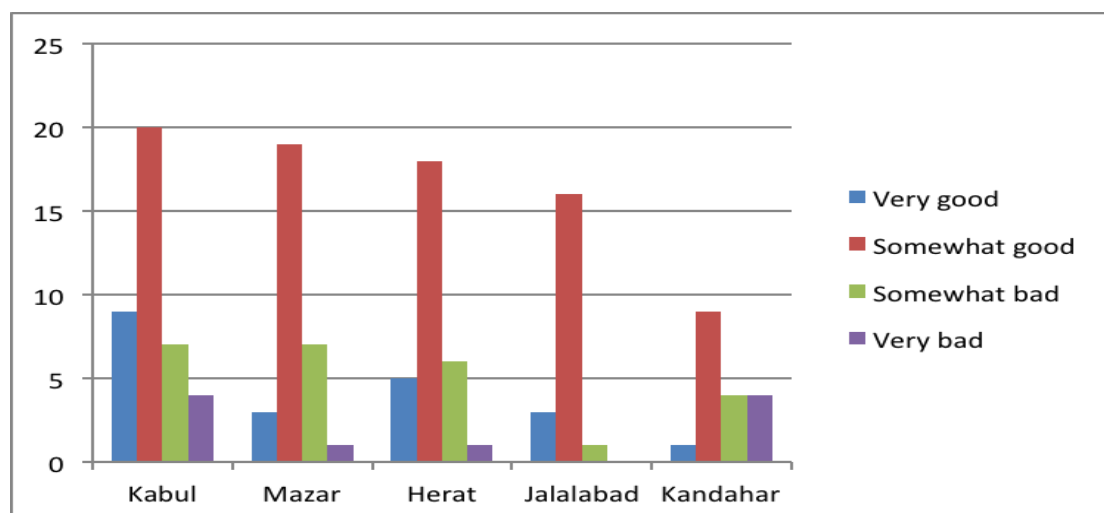


Figure 6: How would you describe the current health of your business?

5.1.5 Perception - Sector

While a very small percentage of PSE respondents actually noted that their business health was “very bad,” these answers were mostly found in the Construction, and Transportation and Logistics sectors, with 9% and 5% of responses respectively. Respondents in the Education and Manufacturing sectors were the most likely to indicate that their business health was “very good” at 30% and 22% of respectively.

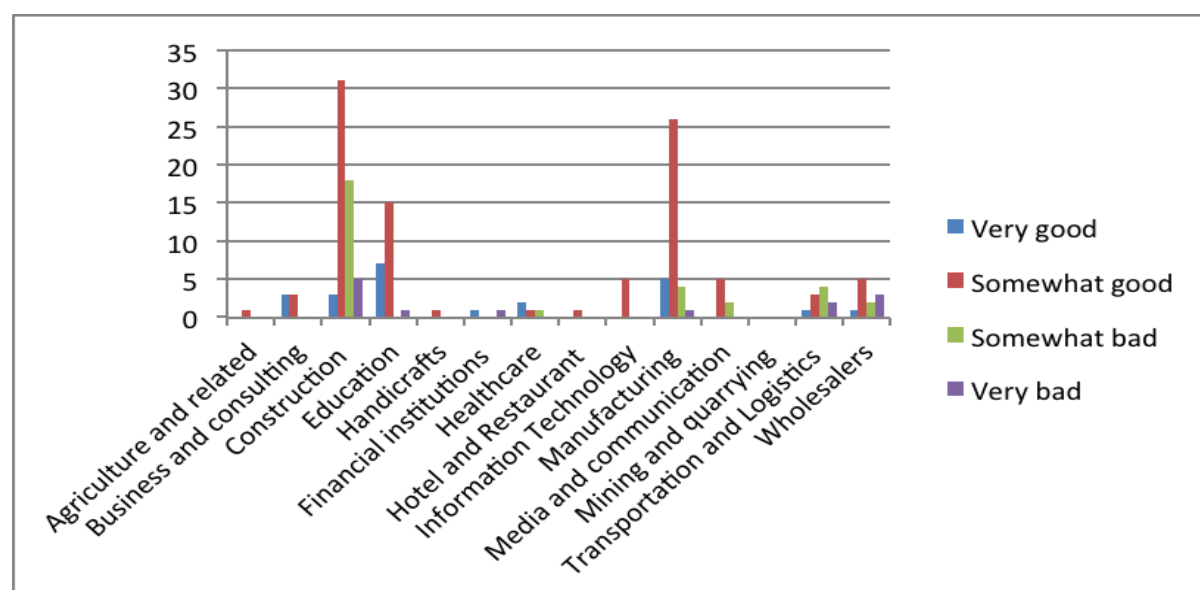


Figure 7: How would you describe the current health of your business?

5.1.6 Intent to Hire - National

Another indicator of business health is whether or not PSEs anticipate hiring more employees. 82% of respondents stated that they intended to hire new employees, while 18% noted that they did not. It is likely that a lack of desire to hire new employees stems from perceptions of one's current business situation.

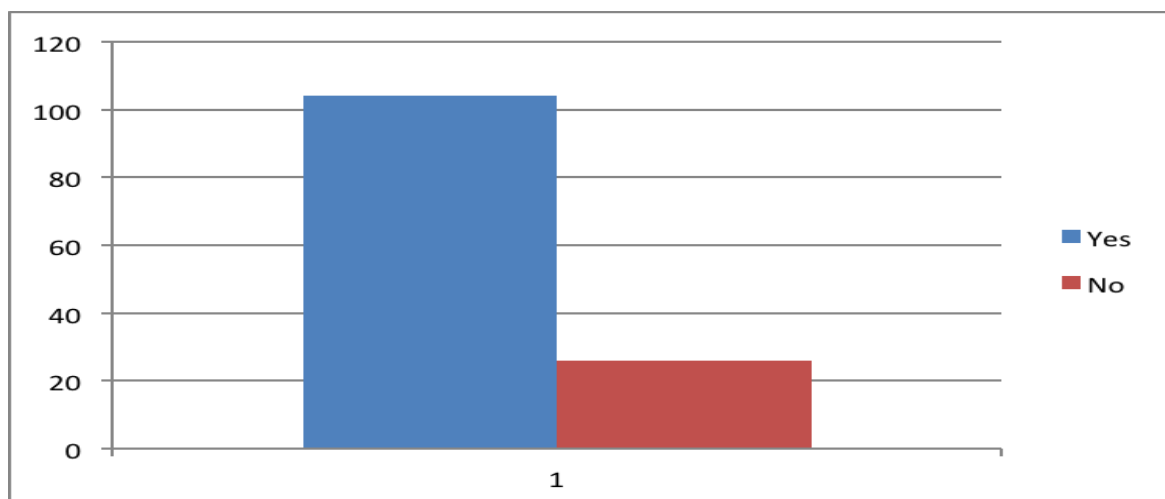


Figure 8: Do you want to hire more employees for your business in the next six months?

5.1.7 Intent to Hire - Regional

While PSE responses to questions about business health were generally positive across target regions and sectors, responses varied significantly by location when participants were asked if they were interested in hiring more employees for their business. This question revealed a strong hiring environment in Kabul and Herat, where 32% and 23% of positive respondents were located respectively, while only 8% of respondents were interested in adding new employees in Kandahar. Kabul and Herat's heightened positive responses may be a result of their sectoral strengths. Having higher concentrations of PSEs within the Education and Manufacturing respectively may have influenced this result, as 30% of those in the Education sector and 22% of those in the Manufacturing sector indicated that their business health was "very good" or "somewhat good."

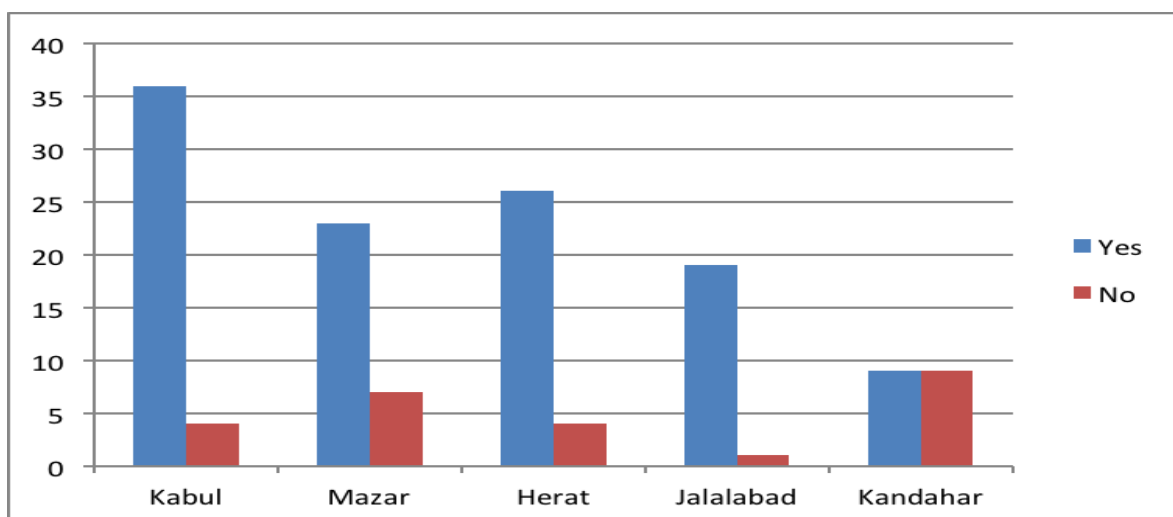


Figure 9: Do you want to hire more employees for your business in the next six months?

5.1.8 Intent to Hire - Sector

The Construction, Manufacturing, and Education sectors have the highest percentage of PSEs who stated that they want to hire more employees in the next six months. The highest percentage of PSE respondents indicating demand for more employees were in the Construction sector, which may be due to both the high level of technical skills required in various trades. Similarly, the skills required to oversee construction projects, such as business and financial management, that are required of contractors may have contributed to this sector's high demand for more employees.

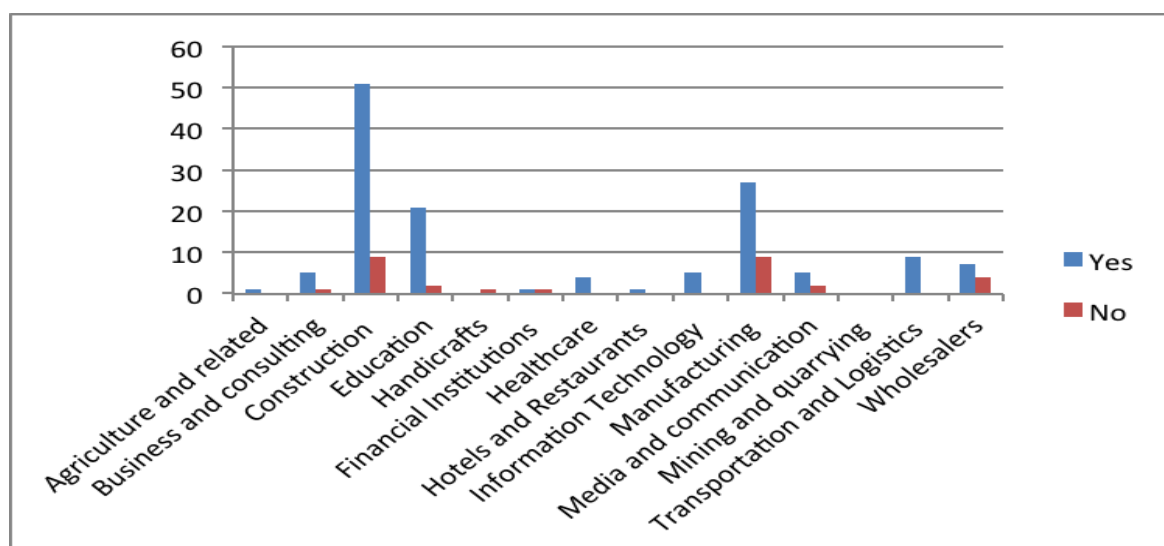


Figure 10: Do you want to hire more employees for your business in the next six months?

5.2 Demand

Analysis of “PSE Demographics” and “General Perception of the Economic Situation” data demonstrated that employers view their respective economic environments favorably and are eager to expand their enterprises. Assessing both PSEs’ current hiring demand and their desire to train their employees will help to reveal current skill levels required across sectors and demand for skills within those sectors.

5.2.1 Demand for Training - National

The fact that PSEs respondents are seeking to hire, overwhelmingly feel that their businesses are performing satisfactorily, and have demand for a range of skilled employees, is indicative of the fact that WDP programs can produce the skilled Afghan employees that PSEs require if effective demand assessments are systematized. At the national level, 95% of PSEs stated that they would like to receive training for their employees, with only 5% of respondents indicating that they require no training for their employees.

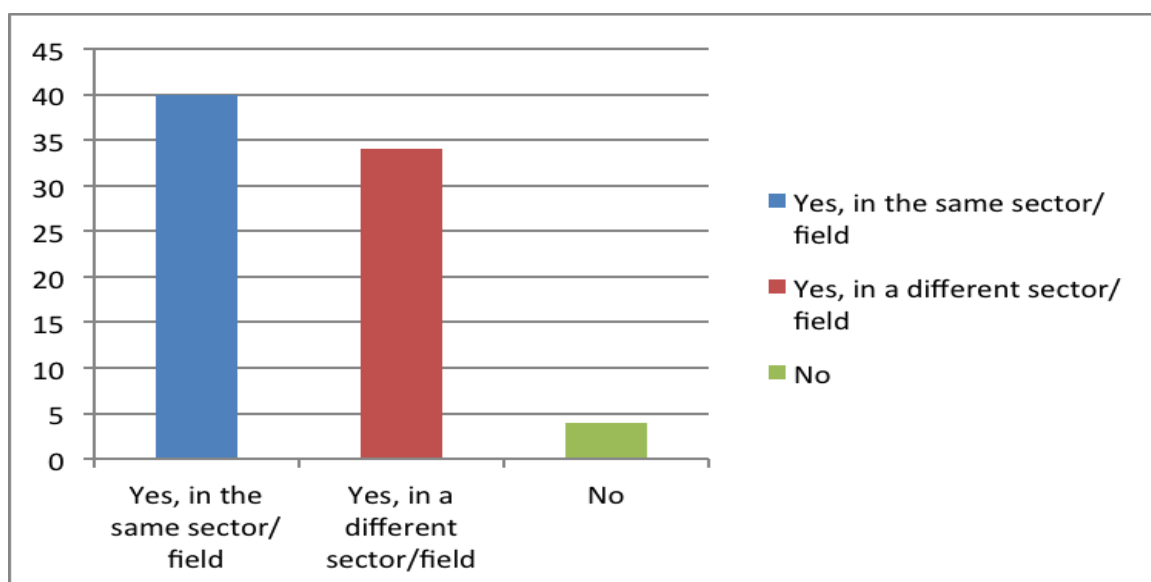


Figure 11: If the impact were above or according to expectation, would you like to receive further AWDP training?

64% of PSEs indicated that they train their employees on the job. If PSEs are largely training their employees on the job, they may have less of a demand for training; alternatively, they may wish to forgo already established on-the-job training in order to receive training at specialized training centers if they are made aware of alternatives that can fill gaps left by widely acknowledged deficiencies in formal educational institutions.

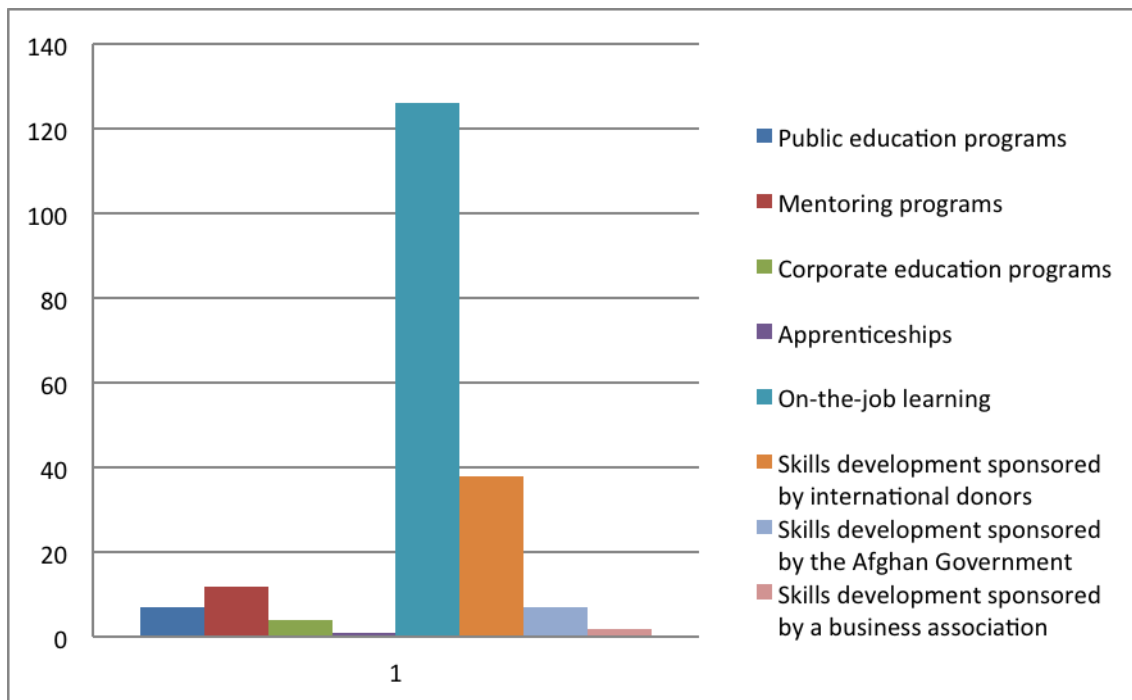


Figure 12: Are there training opportunities for your staff?

5.2.2 Demand for Training - Regional

In responding to both the Jobseekers and PSE questionnaires, potential employees and employers expressed a demand for training programs that could improve skills and lead to higher productivity. Employers in all cities were very interested in receiving employee training.

Across AWDP's five target regions, 95% of jobseekers expressed an interest in training that would improve specific, marketable skillsets, while only 5% of respondents reported no interest. The highest concentrations of PSEs who indicated that they demand no training at all were in Kabul. PSEs in Jalalabad and Kandahar all have zero "no" responses when asked if they were interested in training assistance for their employees. Positive responses were spread evenly across target regions.

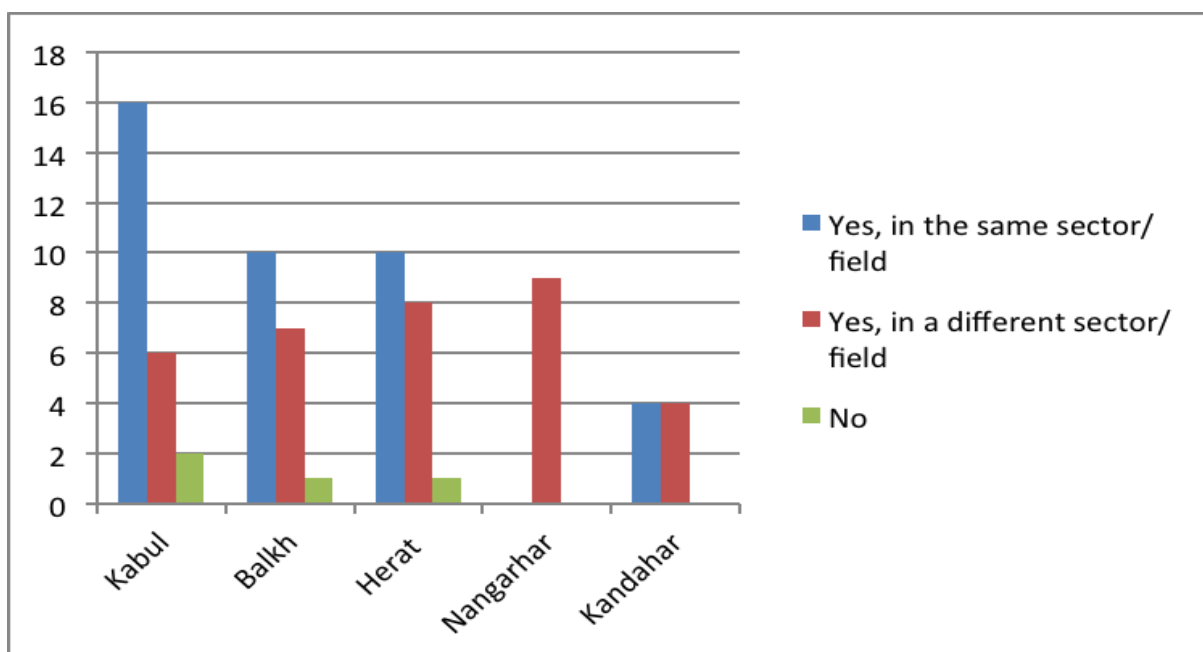


Figure 13: If the impact were above or according to expectation, would you like to receive further AWDP training?

5.2.3 Demand for Training - Sector

Though there appeared to be somewhat universal interest in receiving training across cities, the same cannot be said for interest across sectors. Of those who stated that they have interest in receiving training assistance for their employees, 38% were in the Education sector and 15% were in the Manufacturing sector. Low levels of interest were highest in the Financial Institutions and Handicrafts sectors where PSEs are most likely to provide their own on-the-job training.

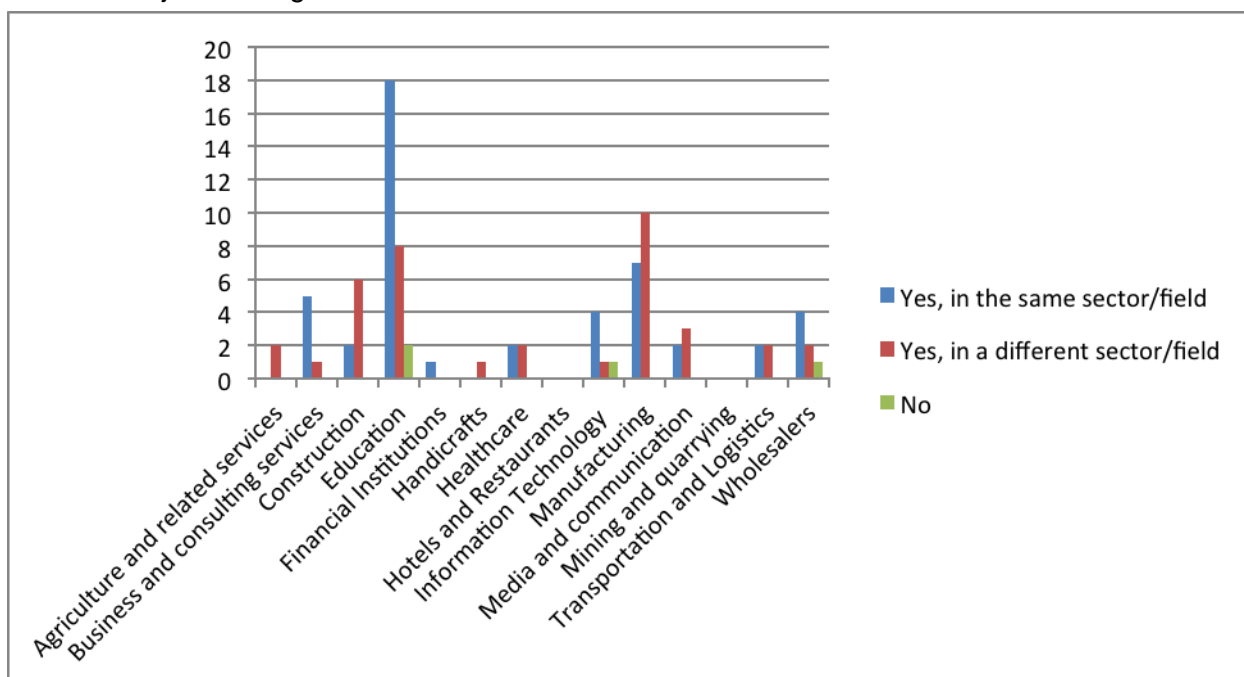


Figure 14: If the impact were above or according to expectation, would you like to receive further AWDP training?

5.3 Demand for Skills

When asked in what skills PSEs employees most needed training, the top responses were: (1) Technical skills, 23%; (2) Financial management skills, 18%; (3) Project management skills, 17%; (4) Marketing skills, 12%; and (5) ICT skills, 12%. These skills reflect a desire on PSEs parts to hire employees with general skills that can be used across various sectors.

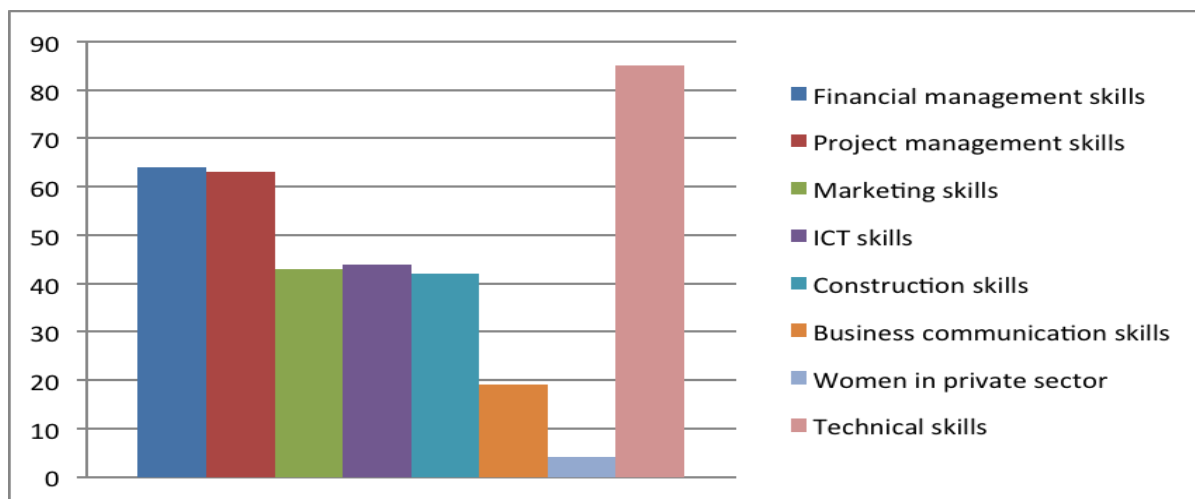


Figure 15: Would you or anyone in your business be interested in receiving training on any of the following subjects?

Among Jobseekers who were interested in receiving training, English language, Technology skills, Accounting skills and Job search skills were the most sought after skills. Though there is a preference for business-related skills among the PSE respondents, Jobseekers respondents appear to be interested in both trade-specific skills as well as business-related skills, i.e. technology skills, English language, accounting skills, and Job search skills. This demonstrates a commonality among PSE needs and Jobseekers skillset demands.

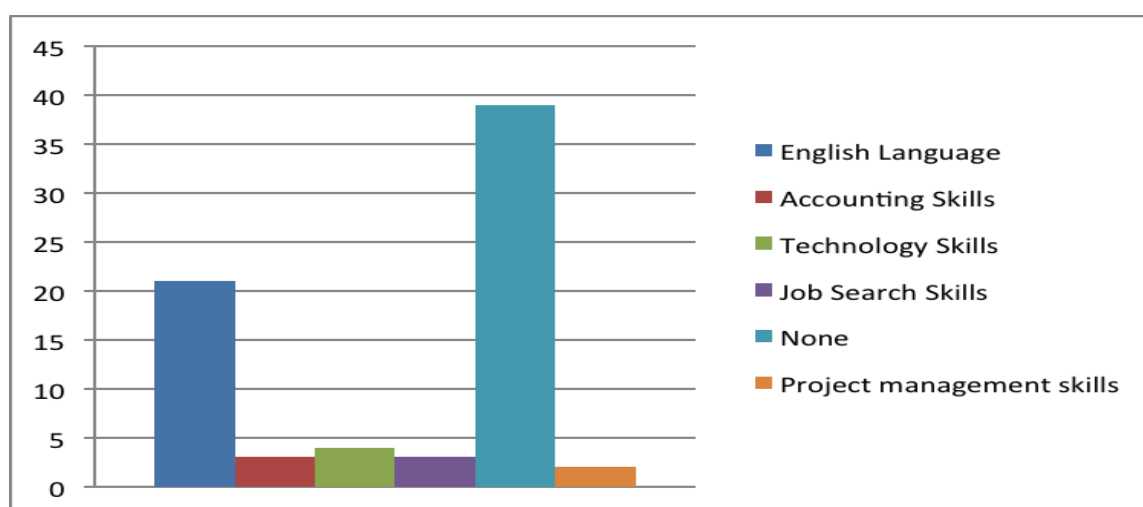


Figure 16: If you lack job skills training, what do you lack?

5.3.1 Demand for Skills - Regional

Technical skills are most frequently in the top five skills demanded across all cities. Project management skills, financial management skills were the second and third most frequent skillsets to be named in the top five skills demanded by PSE respondents.

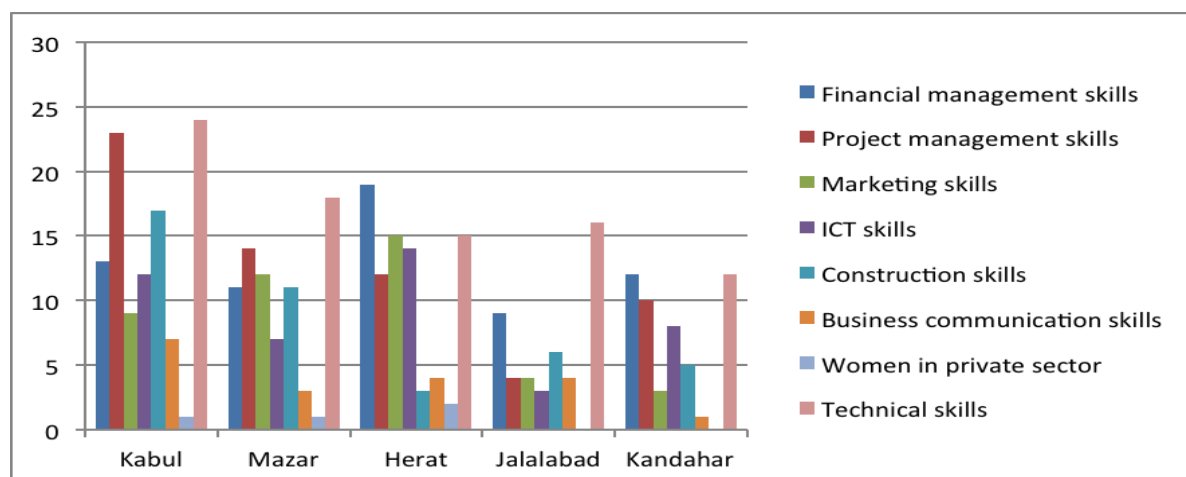


Figure 17: Would you or anyone in your business be interested in receiving training on any of the following subjects?

5.3.2 Demand for Skills - Sector

In addition to identifying the top five skillsets on a regional basis, the top five skills demanded in each sector were analyzed. Sector-specific Technical skills, Project Management skills and Financial Management skills were the three most frequently named skillsets across all fourteen sectors.

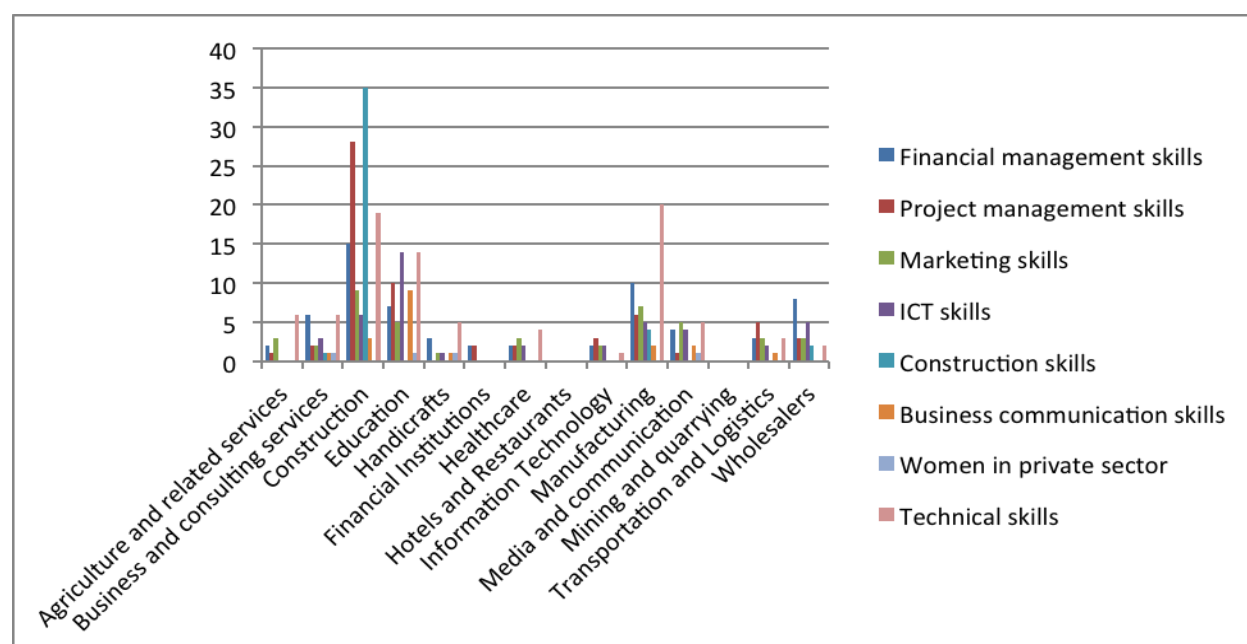


Figure 18: Would you or anyone in your business be interested in receiving training on any of the following subjects?

5.4 Supply

As PSE respondents have indicated their demand for skilled employees, training and specific skillsets, a significant obstacle for PSE owners and managers is the lack of supply of employees with adequate specified trainings and skills. Supply of employees with adequate training and skills was measured in the survey by asking PSE respondents how frequently they are able to find employees with the training and skills needed to sufficiently complete the required job's tasks.

5.4.1 Supply - National

While a large percentage of PSE owners/managers indicated that they hire technically specialized employees, they majority said they were unable to find Afghan employees with the necessary skillsets. In fact, only 39% of PSE respondents stated that they were able to find employees with adequate skillsets, while 61% of all employers said that they were never able to find employees with necessary training and skills.

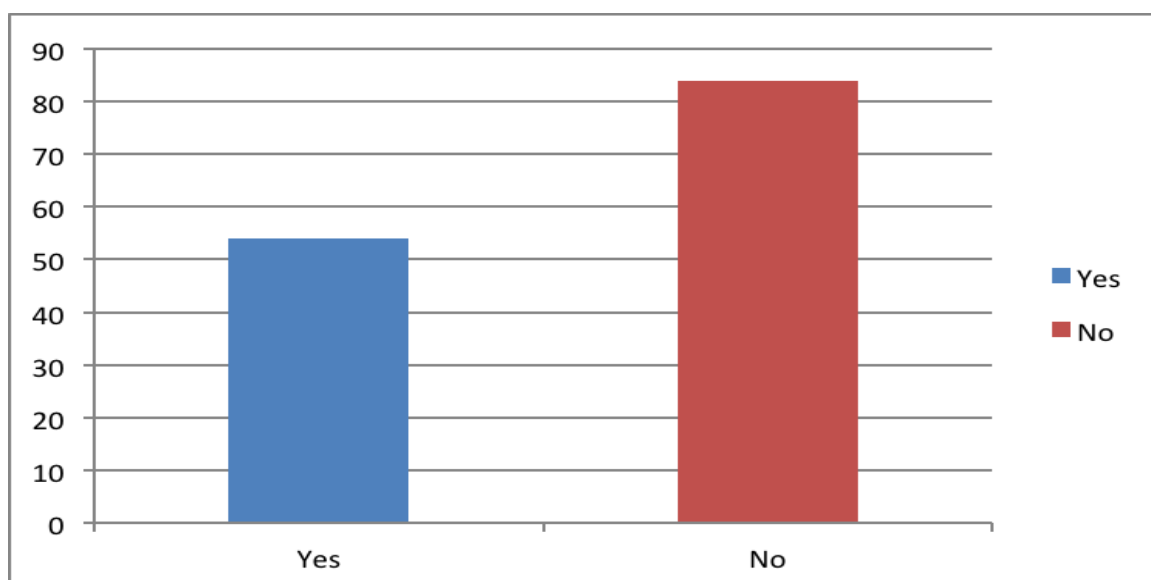


Figure 19: Do you think that there is enough Afghan labor available with the necessary skills to meet the demands of your business?

5.4.2 Supply - Regional

Closer analysis reveals that the majority of PSE employers in each city were not able to find properly qualified employees. The highest percentage of PSE respondents who were able to find employees with adequate training and skills were found in Kabul. Given Kabul's size, relative modernity and higher standard of living compared to other cities in Afghanistan, it is not surprising that the range of PSE respondents who are able to find qualified employees reside there. Notably, Mazar had the highest concentration of PSEs who responded that they are not able to find qualified employees.

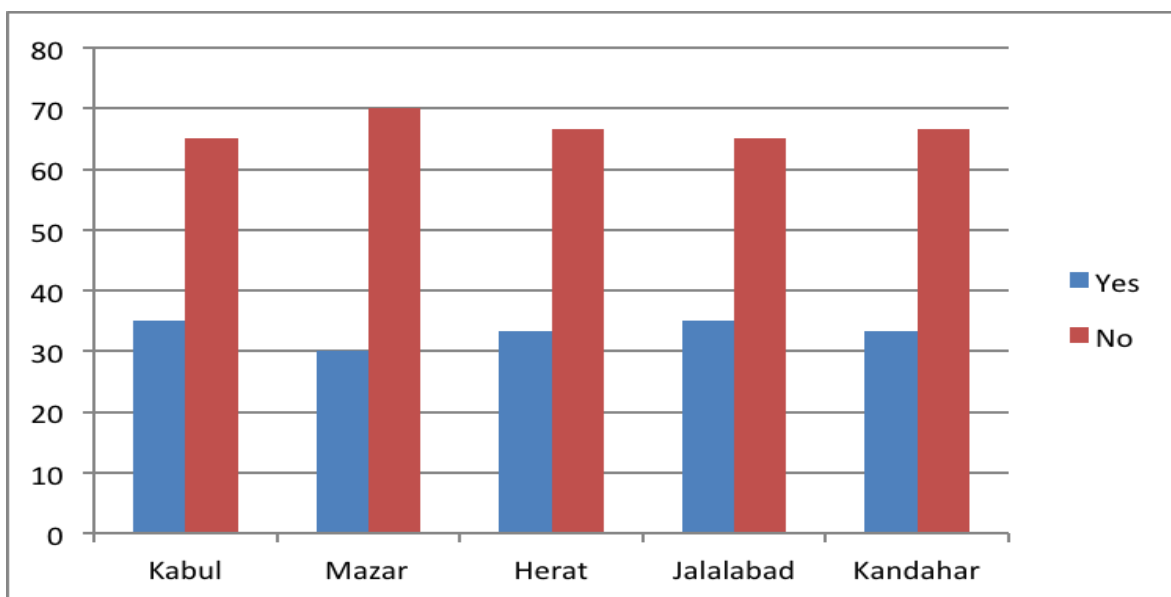


Figure 20: Do you think that there is enough Afghan labor available with the necessary skills to meet the demands of your business?

5.4.3 Supply - Sector

A similar trend is demonstrated when the supply of skilled employees is analyzed by sector: PSEs were rarely able to find employees with the proper skills. The one exception to this trend is the Transportation and Logistics sector in which 60% of PSEs were able find employees with the necessary skillsets. Sectors suffering most from a lack of access to skilled employees were in Business and Consulting Services, Manufacturing, Education, and Information Technology.

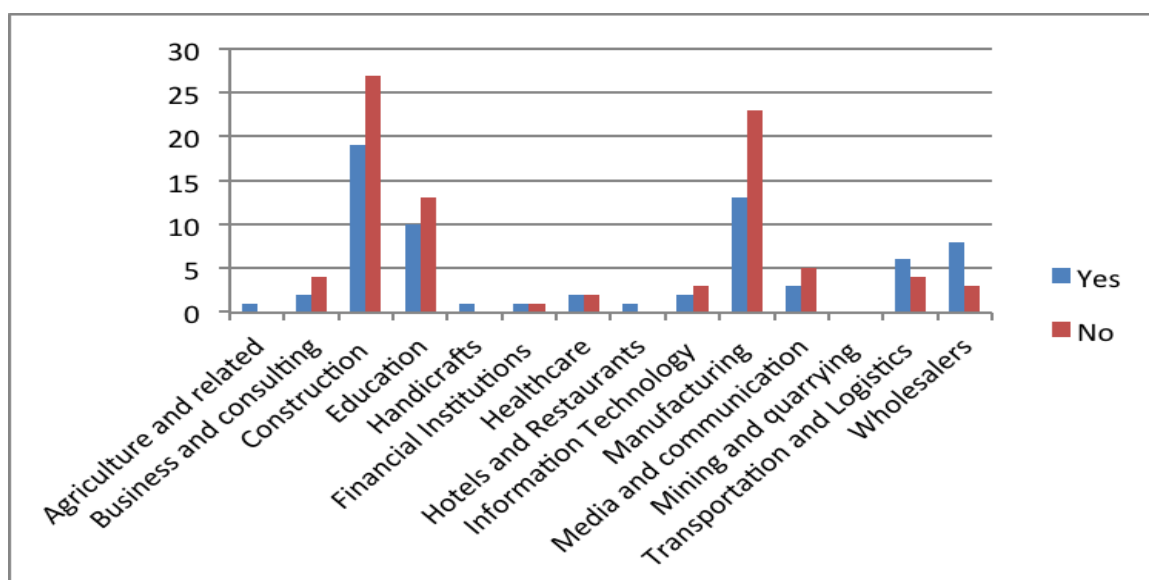


Figure 21: Do you think that there is enough Afghan labor available with the necessary skills to meet the demands of your business?

5.5 Demand for International Staff

The lack of available skilled employees in (1) Manufacturing, (2) Education, (3) Healthcare, (4) ICT, (5) Construction, (6) Media and Communication, and (7) Transportation and Logistics sectors has led a significant percentage of PSEs to hire employees from outside of Afghanistan. Despite the seemingly low response of 13% of respondents hiring international staff, as business size increased, so did the likelihood that PSEs would employ International staff due to skillset availability, work attitude, and lower costs. Of those respondents who hire International staff, 76% stated that they hired internationally in order to find employees with skillsets that are not available domestically.

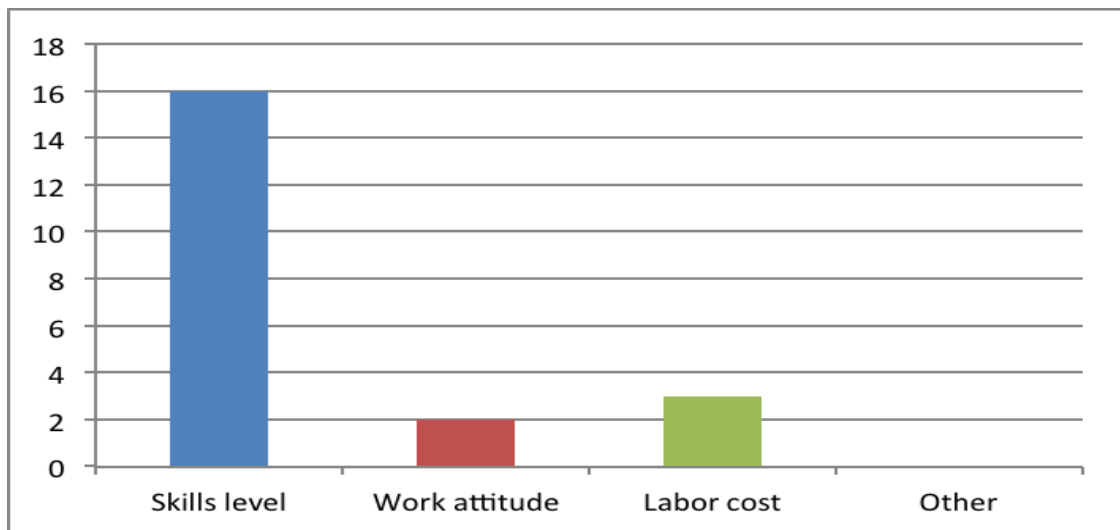


Figure 22: What is the reason (s) for employing international staff?

5.5.1 Demand for International Staff - Regional

PSEs that have had to hire International staff are not consistent between cities. The highest percentage of PSEs that hired International staff were in Kabul at 33%, while businesses in Herat reported the smallest percentage of International hires at only 10%. Overall, it appears that geography may not play a significant role in whether PSEs seek International staff, but sector type may be a factor in the decision to hire International staff.

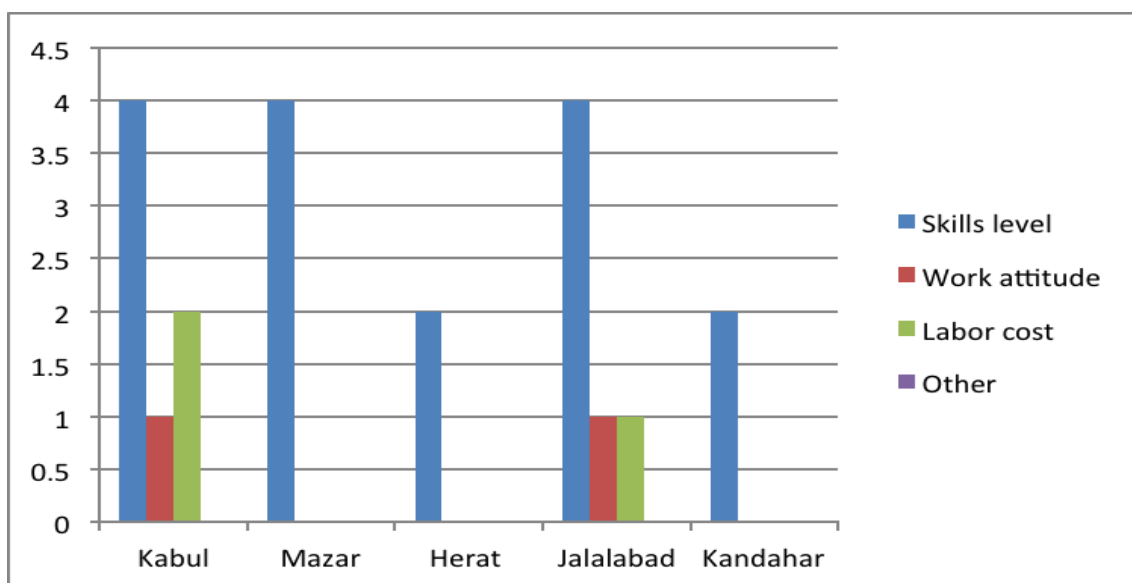


Figure 23: What is the reason (s) for employing international staff?

5.5.2 Demand for International - Sector

Of those PSEs respondents who stated that they had hired International staff, 37% were members of the Manufacturing, 6% Education, 16% Construction, 11% Healthcare, 11% Media and Communication, and 5% ICT sectors. A large portion of these International staff is made up of Pakistanis 52%, and Indians 19% followed by Iranians 10%, Chinese 5%, Turkish 5%, and Egyptians 5%.

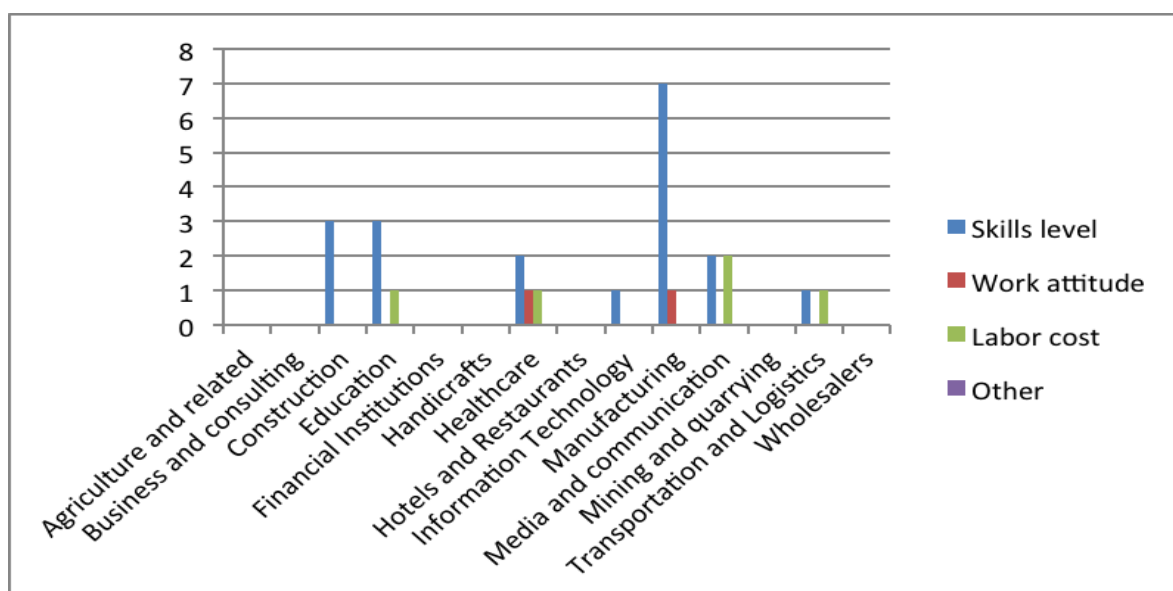


Figure 24: What is the reason (s) for employing international staff?

5.6 Barriers and Opportunities for Workforce Development Programs

The survey sought to identify possible barriers or obstacles to WDP programing, as well as opportunities for WDP in Afghanistan's current labor market. Results suggest that obstacles for WDP include low awareness of training programs, poor perception of the skill levels of those potential employees graduating from the formal educational system, and an unwillingness to pay for training.

Opportunities for WDP programing include high- levels of the perception that training employees in specialized skills can increase PSEs profits, as well as a willingness of PSEs to allow time away from work for their employees to receive training.

5.6.1 Barriers for Workforce Development

This survey identified three barriers or obstacles for future workforce development training programs in Afghanistan: (1) PSE awareness of WDP; (2) negative perceptions of WDP; and (3) PSE unwillingness to pay for workforce development training.

5.6.2 Awareness - National

Awareness of WDP amongst PSEs presents an obstacle for future workforce development programs. Nationally, 73% of PSE respondents indicated that they are unaware of WDP opportunities in their locations. The success of future workforce development training programs likely rests on increasing awareness of WDP opportunities outside the formal educational system.

5.6.3 Awareness - Regional

The majority of PSE respondents in all five cities indicated that they are not aware of WDP training in their regions. The highest percentage of PSEs who indicated that they are aware of WDP in the area was from Herat (46%), while the highest percentages of PSEs who indicate that they are not aware were located in Jalalabad (95%). Jalalabad's relative lack of awareness of WDP may be due to the high percentage of PSEs working in the Agriculture and related services sector in that region. PSEs in this sector were the most likely to be unaware of WDP opportunities.

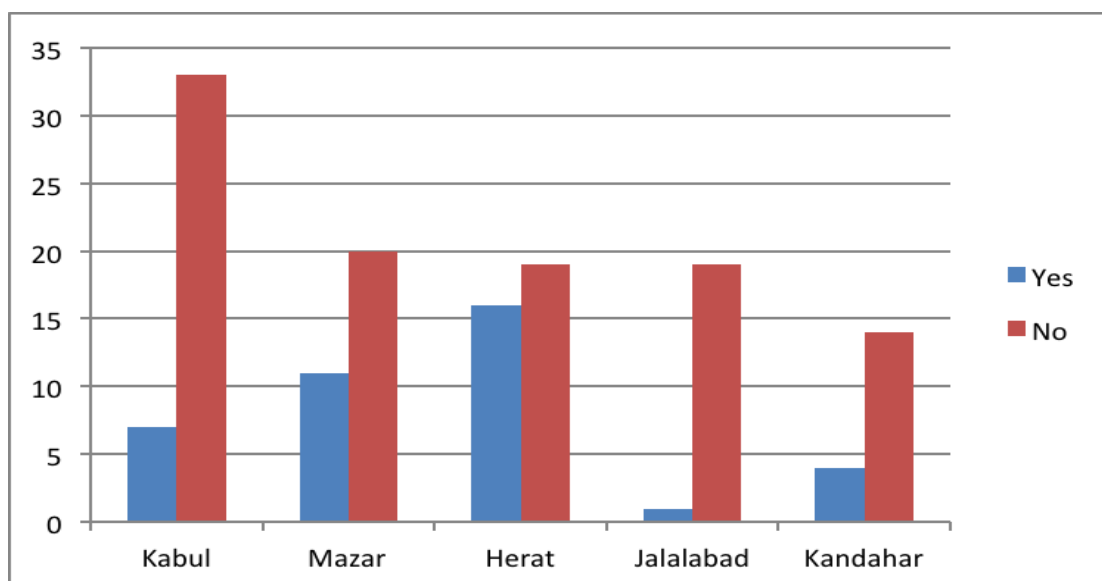


Figure 25: What organizations – currently on the ground – can address these challenges?

5.6.4 Awareness - Sector

Just as with the city breakdown, the majority of PSEs across all sectors stated that they were not aware of WDP opportunities in their area. The sector with the highest percentage of PSEs who reported being aware of training in their locale participated in the Handicrafts sector. The Agriculture and related services and Healthcare had the highest levels of PSEs who stated they were unaware of WDP in their area. Agriculture and related services low awareness corresponds with its relatively high presence in Jalalabad, which recorded the highest level of unawareness of WDP amongst the five major urban centers.

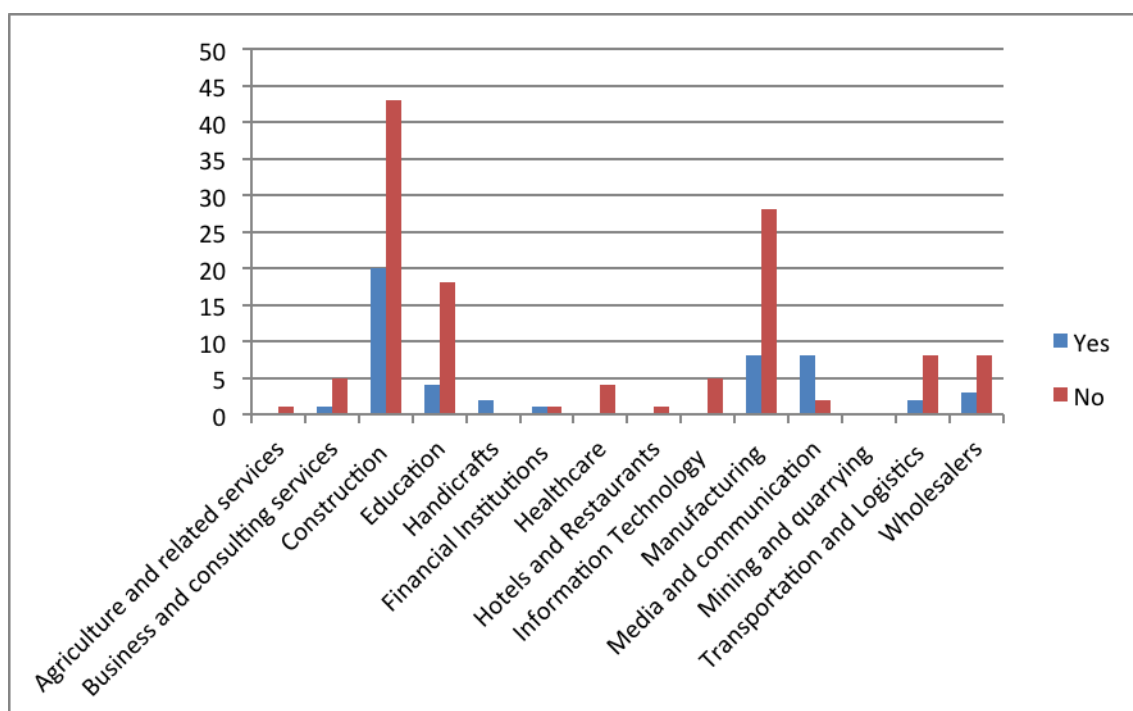


Figure 26: What organizations – currently on the ground – can address these challenges?

5.6.5 Perception toward Workforce Development Programs

At the national level, 99% of PSE respondents indicate that the workforce development programs increases potential of their business for future revenue and/or improves capacity of their employees. For the purposes of this survey, perceptions toward WDP were measured by PSEs' perceptions of training impact. Opinions of the training impact likely influences PSEs' desire to hire those graduates and/or to send their employees to these training programs. If PSEs' perceptions of the training programs are poor, they will be less likely to hire participants and thus, less likely to fill their open positions with qualified applicants unless skilled employees can be found through other means, such as international staff or skilled Afghans who are willing to move to the city center.

5.6.6 Financial Motivation - National

The PSE survey's results indicate that the cost of training is a potential barrier for business owners/managers who wish for their employees to increase their skills and knowledge. At the national level, 69% of PSE respondents indicated that they are unwilling to pay to train their employees to improve their job skills. Unwillingness to pay for training may be a result of a precedent set over the past years in Afghanistan, in which training programs paid students to attend. PSEs may feel that this is the most appropriate manner for employees or potential employees to receive training: receiving a stipend from the training programs themselves. In order to create a sustainable workforce development training market in Afghanistan, the issue of paying for training must be resolved amongst the PSE owners/managers.

Figuring out a financing strategy that meets the expectations of employers about who will pay for training and how much it should cost will be the key factor in the success or failure of any sustainable workforce development program.

5.6.7 Financial Motivation - Regional

More than half of PSE respondents stated their objection to paying for their employees' training in all cities except for Herat. In this city, the majority indicated that they are willing to pay for training for their employees. In accordance with the survey-wide trend of negative responses, Mazar had the highest percentage of PSEs who stated they were unwilling to pay for training for their employees (93%).

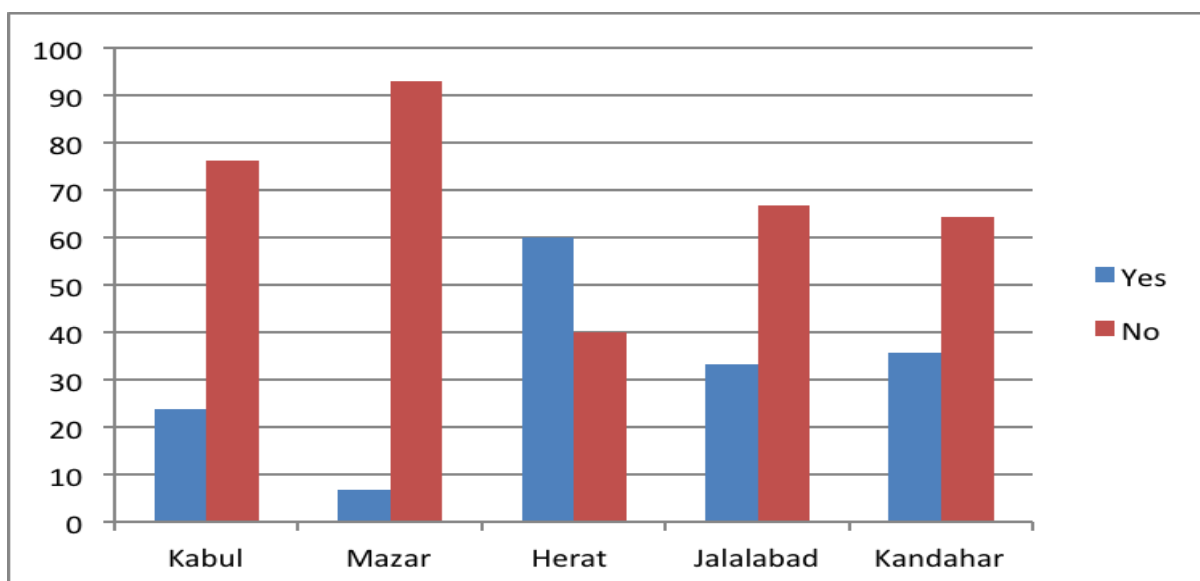


Figure 27: Would you pay for all or a few of the trainings you listed in question number 18?

5.6.8 Financial Motivation - Sector

The majority of PSEs surveyed across sectors reported being unwilling to pay for training for their employees. The sectors with the highest percentage of PSEs indicating a lack of willingness to pay for training were the Business and Consulting Services, Financial Services, Handicrafts, and Hotels and Restaurants sectors. The Healthcare sector (63%) and the Information Technology sector (60%) had the highest percentages of PSEs willing to pay for training.

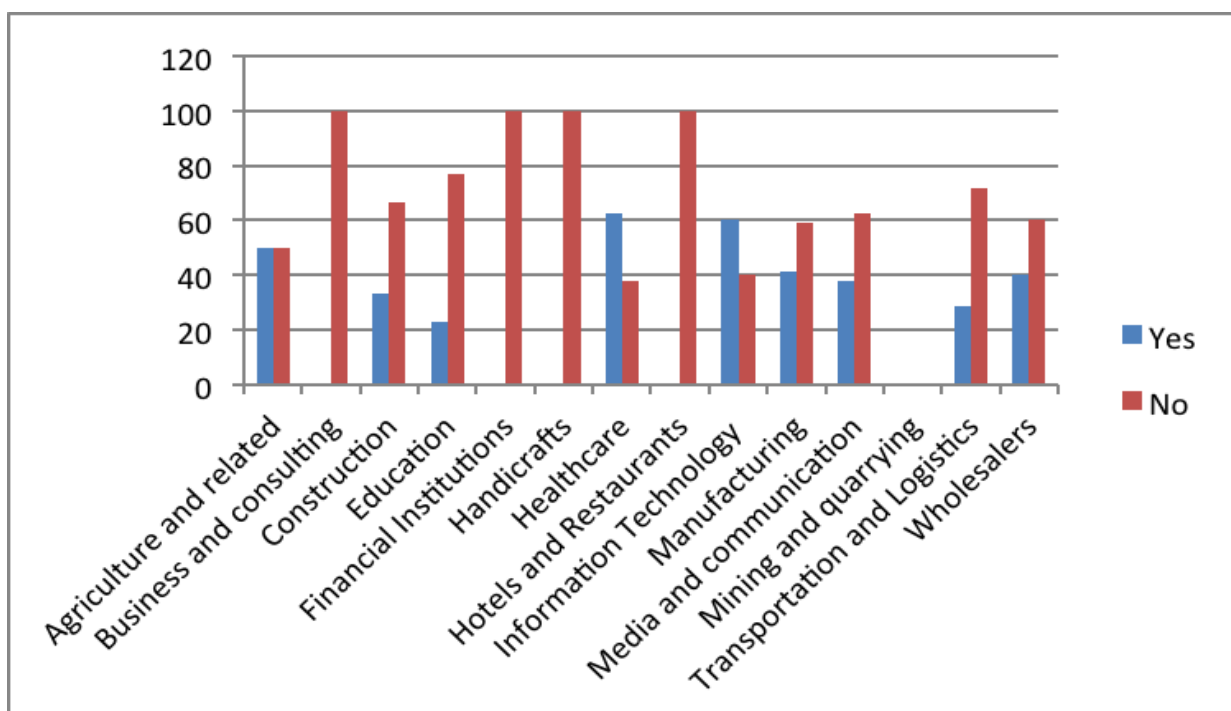


Figure 28: Would you pay for all or a few of the trainings you listed in question number 18?